IN THE COURT OF THE TRANSPORT TRIBUNAL

TRANSPORT ACT, 1947, AS AMENDED BY TRANSPORT ACT, 1953

IN THE MATTER OF THE APPLICATION OF THE BRITISH TRANSPORT COMMISSION (1958 No. 1)

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To Confirm the British Transport Commission (Passenger) Charges Scheme, 1958

THURSDAY, 5TH MARCH, 1959

NINETEENTH DAY

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PROCEEDINGS OF THE TRANSPORT TRIBUNAL

THURSDAY, 5th MARCH, 1959

PRESENT:

SIR HUBERT HULL, Kt., C.B.E. (*President*)

J. C. POOLE, Esq., C.B.E., M.C.

H. H. PHILLIPS, Esq., O.B.E.

Mr. E. STEWART FAY, Q.C., and Mr. PATRICK BROWNE (instructed by Mr. M. H. B. Gilmour, Chief Solicitor to the British Transport Commission) appeared on behalf of the British Transport Commission.

Sir MILNER HOLLAND, Q.C., C.B.E., Mr. LEON MACLAREN, and Mr. GEORGE MERCER (instructed by Mr. J. G. Barr, Solicitor to the London County Council) appeared on behalf of the London County Council, Hampstead Borough Council and the Islington Borough Council.

Mr. B. J. MACKENNA, Q.C., and Mr. D. A. GRANT (instructed by Mr. Kenneth Goodacre, T.D.) appeared on behalf of the Middlesex County Council, Berks. County Council, Bucks. County Council, Hertford County Council and Surrey County Council.

Mr. DUDLEY COLLARD (instructed by Mr. E. R. Farr), appeared on behalf of the Barking Borough Council and the South Essex Traffic Advisory Committee.

Mr. LEON MACLAREN and Mr. GEOFFREY RIPPON, M.P. (instructed by Mr. Vernon Lawrence, O.B.E.) appeared on behalf of Anglesey, Cambridge, Cheshire, Cumberland, Denbigh, Dorset, Durham, Flint, Glamorgan, Hampshire, Isle of Ely, Isle of Wight, Lancs., Leicester, Merioneth, Monmouth, Norfolk, Northampton, Nottingham, Oxford, Soke of Peterborough, Somerset, Stafford, West Sussex, Worcester and Kent County Councils.

Mr. D. A. GRANT (instructed by Mr. R. Webster Storr) appeared on behalf of Beckenham Borough Council.

Mr. GEOFFREY RIPPON, M.P., and Mr. ROY CALVOCORESSI (instructed by Mr. G. E. Smith) appeared on behalf of West Ham County Borough Council, East Ham County Borough Council, Croydon County Borough Council, Walthamstow Borough Council and Wanstead and Woodford Borough Council.

Mr. S. H. NOAKES (instructed by Mr. N. P. Lester) appeared on behalf of Hastings Borough Council.

Mr. A. E. TELLING (instructed by Messrs. Radcliffes & Co.) appeared on behalf of the London Passengers' Association.

Mr. P. T. LEWIS (instructed by Messrs. Gaby Hardwicke & Co.) appeared on behalf of the Hastings, Bexhill & District Season Ticket Holders Association.

Mr. ARCHIBALD GLEN, Town Clerk, appeared on behalf of the Southend-on-Sea County Borough Council.

Mr. F. A. RULER, represented the Federation of Residents' Associations in the County of Kent.

Mr. D. J. D. WELLUM, represented the Benfleet & District Railway Travellers' Association.

Mr. JOHN MAGUIRE, F.C.I.S., represented the United Commercial Travellers' Association of Great Britain and Ireland.

Miss DOROTHY D. FORSTER, represented the Walthamstow Trades Council.

Mr. G. A. BAGNALL, represented the Herne Bay Urban District Council.

(*President*): Are you better, Mr. MacLaren?

(*Mr. MacLaren*): Yes, Sir; I must express my gratitude for the Court's indulgence.

Mr. Hill is here this morning, if it would be convenient for him to give his replies to the two questions you proposed to Sir Milner Holland.

(*President*): Yes, I thought he would want to be disposed of first. While I am finding my way about my papers, however, would you tell me whether you know anything about Mr. Dudley Collard's movements?

(*Mr. MacLaren*): I am afraid I do not know anything about them, Sir. I am sorry; there is no firm information at all.

(*Mr. Patrick Browne*): I will get somebody to communicate with his chambers, Sir, and see if there is any news of him.

(*President*): Yes, I think that would be useful. How long are you likely to be, Mr. MacLaren?

(*Mr. MacLaren*): I should have thought between one and two hours, Sir.

(*President*): I ask that because we have a number of people, some of whom are Objectors and some of whom wish to address us under our merciful procedure; one would like to be able to tell such of them as are here whether we can expect to hear them today.

Is Miss Forster here? (*No response.*)

Is Mr. Cox here?

(*Mr. Cox*): Yes, Sir.

(*President*): Is Mr. Ackerman here? (*No response.*)

How long do you think you will be, Mr. Cox?

(*Mr. Cox*): Only about six or seven minutes, Sir.

(*President*): Then I wonder if it would be convenient, Mr. MacLaren, after Mr. Hill has been recalled, for us to hear Mr. Cox and then he could go away to Burgess Hill.

(*Mr. MacLaren*): Certainly, Sir.

(*President*): Very well; let Mr. Hill be recalled.

Mr. STANLEY WILLIAM HILL, recalled.

Further examined by Mr. MACLAREN.

5897. Mr. Hill, I wonder if you could have in front of you Mr. Lawson's Table WHL 1, which I think appears on the Eighth Day of the transcript at page 193, if I remember correctly. The question I wish to put to you about this table is to draw your attention to line 16, which shows the Central Charges for 1957 on London Transport Executive at £6·1m. at that stage of this arithmetic; is that right?—Yes, but it is not so described. It is not described as "Central Charges"; it is a sub-total of certain items, making up £6·1m.

5898. The figure which you took for the purpose of your reconciliation of your figures with those of Mr. Lawson was £5·3m., was it not?—Yes, that is so.

5899. May we take the figure of £6·1m. shown in line 16; what adjustment do you think has to be made to that figure of £6·1m. before a figure is reached which is comparable with yours?—There are three adjustments, and it might be convenient to take them in the order in which they appear in this table.

First of all there is line 4; that is the income from the surplus lands. You will recollect the reason for that, I am sure; I think it has been given once or twice. Briefly it is just this, that Mr. Lawson has had to take the whole of the compensation stock that was issued to the London Passenger Transport Board stockholders in consideration of the transfer of the whole of that undertaking,

which included the surplus lands. It cannot be segregated into terms of compensation stock, so he brings in the income. That is the reason for that. So therefore, in reconciling his figures with the figures for Central Charges, it is necessary to bring that credit in.

The second item is in line 7 of his table: "Income from Investments in respect of British Transport Stock Redemption Fund". The reason for that arises from the particular way in which Mr. Lawson has calculated his charges to the Stock Redemption Fund, which charges are truly in line 15. The position is this: He has made a calculation of the charges that need to be provided each year to build up the fund to amortise the stock; that is a basic sinking fund charge plus, in the way he has done it, the accumulated interest which the fund earns year by year. He must, therefore, bring in on the other side the credit in the interest earnings. It arises purely out of his method, which is a recognised method of doing this; he could equally correctly, if he had liked to do it that way, have shown the net figure, which would have been line 15 less line 7, and shown as net.

Then the third item is the interest on surplus funds in line 18; the reason why that has to be brought into the reconciliation is just this: The amount of stock issued to the stockholders of the London Passenger Transport Board covered the whole undertaking, but included in the assets transferred there were not only the fixed assets, but also some sizeable surplus funds which have been utilised in the business of the Commission as a whole, though the amount of those funds has, of course, been depleted in the course of years, because there has been further capital expenditure which has eaten into them.

Having brought in the gross charge, as it were, in his line 11 and line 12—particularly line 12—it is right that he should bring in the credit that arose in line 18 so as to get at a net charge; and only by bringing in those three items can you get at a figure that can rightly be compared with the figure of £5·3m., which emerges on my table S.W.H.2.

It will be noted that Mr. Lawson does not label the £6·1m. "Central Charges", and if one looks at his detailed notes, which I think the Tribunal has——

5900. Is that the notes to Table WHL 1?—Yes, WHL 4 particularly, but it crops up again in the notes for WHL 1.

5901. Have you a copy of those?—I have a copy of the notes to WHL 4.

5902. And you are looking at page 2?—Yes. Here the figures are given for 1958 and 1959 he does not really give them in this Table for 1957, but it can be used just to illustrate the point, because they are precisely the same figures for 1958 as they are for 1957, and you will see that what he says here is this: "Central Charges allocated to London by the Commission were £6·0m.; the corresponding amount arrived at in my exhibit is £5·5m. for each year as follows", and he then shows the £5·5m. In other words, he is saying that the amount to correspond for Central Charges is the figure of £5·5m., which is precisely what I have just stated in evidence.

5903. Which of those two figures—£6·1m. or £5·5m.—is comparable with your figure?—Unquestionably the £5·5m.

5904. How does it arise that this is comparable?—One has made the adjustment. It is the figure which he brings in to his table for everything; that is in the nature of a Central Charge, whether it be debit or credit.

5905. And in your calculation you take the resulting figure?—That is so. In approaching it in the way in which I have approached it, one goes to the total net sums that arise to be divided, and one divides that.

5906. So all the pluses and minuses are already contained in it? That is right, all the pluses and minuses. It is perhaps best illustrated by this income on surplus funds; in Mr. Lawson's specific approach, that is in the nature of a notional payment from the British Transport Commission to the London Transport Executive, because London Transport Executive money is being utilised for general purposes on the British Transport Commission, and he brings in interest on it that obviously does not arise on the accounts of the British Transport Commission, because there is no interdepartmental transaction of that kind, and also it cannot arise in any global apportionment, simply because it is an interdepartmental transaction.

5907. And just to complete the reference, although I do not think we need go through it in detail, in Mr. Lawson's notes on WHL 1, page 7, item 16, he deals with the same question in another way?—Yes, he deals with it again, in terms of the aggregate figure for ten years, bringing in exactly the same adjustments to get at a new figure of Central Charges, except that he brings in the income from surplus lands there by way of a note at the bottom, but before he strikes his figure.

5908. Thank you, Mr. Hill; that it all I have to ask you on that point. Now perhaps we may turn to the other question: in your apportionment in SWH 4, I think it is —that appears in the Ninth Day of the transcript at page 219—why, for the purposes of the apportionment of charges between the Commission as a whole and the London Transport Executive, have you taken as your figure for the whole Commission £59,847,000 and not the figure of £66,393,000, which is the gross indebtedness of the Commission?—Before I reply to the question, perhaps I might just say what I have done. In Table SWH 4, at the end of it, I have excluded the interest on the two series of advances which are for particular purposes of British Railways; that is the difference between the two figures you have quoted to me.

Then when I come, in SWH 5, to arrive at an enumerator and a denominator, I take out of the denominator of the fraction the amounts of those advances; having done the one, I must do the other, and vice versa.

The reason for proceeding on those lines was this: These are advances for particular purposes of British Railways, and also they are advances which carry high rates of interest for that particular purpose. If one did not make an adjustment of this kind, the effect would be to put on London Transport Executive, and indeed on any other activity that you were costing, a share of the high rates of interest on those advances which are particularly for the purpose of modernisation of British Railways, and secondarily for financing the deficit in the course of that period of modernisation.

That is not the prime reason for doing it; the prime reason is not because they are charged to the Special Account—that in effect is only the consequence.

I do not think it can be said that there can be any sort of purist global approach; adjustments of this kind need to be made where the circumstances appear to justify them, as I am convinced they do in this case. At the same time I would point out that it is not to be thought that there is any large sum of money involved in this adjustment; if for instance I had apportioned the whole of the £66,393,000 and had not made corresponding adjustments in the denominator—that is the adjustments shown after line 13 in SWH 5—the calculation for 1957 would have been £5·46m.

5909. (*President*): What is your fraction; what are you taking as London Transport?—152·5, Sir.

5910. Over what?—Over 1,854, of £66·393m., and the answer is £5·46m. But the adjustment, in my view, should be made; otherwise it is attributing to London Transport Executive a share of that higher interest which has been occasioned entirely, and particularly, for this financing operation of British Railways.

5911. I do not want to seem to cross-examine you, Mr. Hill, but taking this last matter first, you exclude these special advances?—Yes, Sir.

5912. The first reason you gave for excluding them was because they were in effect specific to British Railways for a specific purpose?—Yes, Sir.

5913. But then you are going back to the special approach on just this one point, are you not?—I do not think so, Sir.

5914. There is just one other question: If one is going to exclude from those interest charges anything that is specific to British Railways, one ought to look through all the interest charges and see which of them are in respect of stock issued when British Railways were vested, ought one not?—In that event one comes right back, of course, to the specific approach, which I still maintain is correct.

5915. No doubt; but are you not, to use our horrible jargon, adopting the global approach for nine-tenths of our calculations, and then, when you get a particularly onerous interest charge, you say: "I must go back to

the specific approach, as this is all specific and too high"?—No, Sir, I do not think that is the approach. There can never be a perfect global approach by any means, and in the very special circumstances to which these advances are related, one must make appropriate adjustments.

5916. Then we are in agreement; this present approach of yours, deducting these special advances and interest payments, is an imperfect global approach?—Yes, Sir.

5917. Or a special global approach?—Every global approach has its imperfections, Sir; that is inherent in the global approach.

5918. But can we now understand your reasons for doing it: They are quite specific to British Railways and they are at a high interest rate for an exceptional purpose?—A very exceptional purpose.

5919. Yes, if you like, but that is the reason?—Yes.

5920. Now, going back to the reconciliation with Mr. Lawson's table, would you agree with this, if you have SWH 4 before you; this is where you are setting out the total Central Charges. You look at the top half of your table, (*A*); that is the charges which, as you say, are for the service of capital. Would you agree that Item 4—it is a small item, only appearing in 1954 and 1955—has not been taken into account at all by Mr. Lawson, and I can assure you that nowhere in these figures by any process can you say——?—I have in mind, Sir, that there is a little of it in Item 14 on his WHL 1, the only time when any stock was issued for the London purpose.

5921. Very well; you may be right?—I think that was the item, Sir.

5922. Is not the real difference between your line 14 and his allocation as against London Transport appearing in his line 16, that he has not taken credit up to that stage for any interest received by the Commission; that is your line 7?—That is so, but neither should be.

5923. But he has not taken any credit for the sums which you do charge as a Central Charge, but as a credit in your line 7; is that not so?—That is quite so, Sir.

5924. You have deducted, in arriving at your total Central Charges, interest receipts by the British Transport Commission?—Absolutely.

5925. And if Mr. Lawson had, whether rightly or wrongly, taken that into account, his figures in his line 16 would have been lower?—Yes, Sir; but I must point this out, that indirectly he has taken into account the appropriate amount on the specific approach. I deal with the interest earnings of the British Transport Commission in total in line 7; he is not, of course, concerned with them, but he is concerned with interest earnings on money that is London Transport Executive, and it is therefore in his figure of interest on surplus funds.

5926. I quite understand that he has a corresponding figure, but your figure is, for some years at all events, much larger than that. On any calculation, if you take your 1948 figure—let us assume at 10 per cent.—that would be giving a deduction in the case of the London Transport allocation of at any rate £0·4m. and perhaps a bit more?—Yes, Sir.

5927. And that sort of deduction is less in the case of 1948 than Mr. Lawson's credit, but taken over the whole period your interest credits are bigger than his?—I think not, Sir.

5928. You think not?—No. If we might compare them along the line——

5929. They are £4·2m. for ten years?—Yes. My figures, if you add them across—and I have not done it precisely—are about £21m.

5930. That is line 7. So that taking the rough 10 per cent., it would be only half, £2·1m.?—Yes, which is a reflection of the fact that the L.T.E. did put in a lot more funds than the others did proportionately.

5931. I shall read your explanation of your reconciliation later on. I now want to go on to something quite different, really a personal matter. I was rather disturbed by something Sir Edward Milner Holland said in his final speech at page 402, in the right-hand column. Do you see rather below the half-way line something which I am recorded as saying?—"I do not think it matters very much . . ."?

5932. Yes. I said: "I do not think it matters very much and you need not pursue it, but Mr. Hill has also said on another occasion that his specific approach ran him into difficulties", and then Sir Edward Milner Holland said: "I do not think Mr. Hill really accepts that. He heard you say at an earlier stage that when he saw where it was getting him he abandoned it, but Mr. Hill, with respect, does not really accept that view. He did tell me he did not really feel that was right." I should greatly regret anyone thinking that I had been unfair, and, if I may say so, I would regret it particularly in your case because you and I, in different position, have been concerned over so many years with these Inquiries; but I do not really think, you know, that I was being unfair. What I had in mind was what you said in the course of the 1953 Inquiry at page 320. If you would not mind looking at the bottom of the left-hand column on page 320, the questions beginning 5318, Mr. Geoffrey Lawrence is examining you, and he says: "In order to cut this matter as short as we can on this occasion, may I remind you, and I think correctly, that on previous occasions there has been a debate as to which was the better of two methods of approach to this problem?", and you say "Yes." Then *Q*.5319: "What was called 'the specific' and what was called 'the global approach'?—(*A*) Yes. *Q*.5320: I think in the past you have contended for the specific method as likely to lead to more accurate results, whereas it was suggested to you that the global method was preferable?—(*A*) Yes, it was." Then this was the question I had in mind. Mr. Lawrence goes on: "On this occasion, without debating or canvassing the merits of either, are you prepared, in order to narrow the scope of the discussion, to adopt the global method?", and your answer is: "All of my tables have been done on that basis. I think, quite frankly, that I got into difficulties on the specific method . . ." That was the passage I had in mind, and I think that Sir Edward Milner Holland, when he said that you did not really accept it and you did not think it was quite right, was wrong?—Yes, Sir, I think so; but, actually, I know what Sir Edward Milner Holland was referring to when he said here that I had mentioned it to him, namely, it was your reference, I think on the opening day, when you used the expression: "Mr. Hill saw where it was getting him to", and I rather interpreted that, or perhaps he did, as saying that I abandoned it when it became embarrassing. That was the point.

5933. I should not think you would be embarrassed, Mr. Hill?—I was not embarrassed, no.

5934. It is quite plain that in this passage which I have quoted you did say, quite frankly, that you got into difficulties on the specific method?—Yes, I did.

5935. And anybody else will also, as a matter of fact, will they not?—Yes, I think increasingly unless some subsidiary account were kept in such a way as to avoid those difficulties. It gets progressively harder to track items through, and on the railway the particular difficulty I was getting into was following through the Abnormal Maintenance Account or Assets Displacement Account.

5936. Of course, perhaps we had better not discuss it, but there are initial difficulties, too, are there not?—There are some initial difficulties.

5937. No one will, in fact, ever be able to discover what amount of the Transport Stock issued by the Commission in respect of the British Railways' acquisitions represented the assets which were transferred to London Transport?—It will never be known with absolute precision.

5938. Even if we had all the papers it would be impossible to find that out?—Absolutely. One can only exercise one's judgment within what one hopes is a narrow margin of error; but I do agree with that.

5939. And, of course, one must realise that the specific approach, like the global approach, is an approximation and not an exact mathematical calculation, and then one is in a different country, is one not?—Yes, but I think it is a question of degree. In none of these things is there absolute accuracy; one is aiming at reducing the error to the least possible point.

5940. And if one has two approaches and they are reconcilable at a particular figure, then you may feel more confident than if you only had one?—Certainly, yes.

5941. I am glad we have cleared that up, because, as I say, I would very greatly dislike being thought to be unfair to anybody?—Thank you, Sir.

5942. (*Mr. Poole*): Could you clear up one accounting point for me on this question of the interest on the British Stock Redemption Fund. You remember Mr. Lawson took in £0·1m. for each of the last four years?—Yes.

5943. In the notes on the accounts in 1957 the Commission are "setting aside for the redemption of British Transport Stock such sums as accumulated at compound interest at the rate of 3 per cent. per annum with annual rests", etc. I do not quite understand this: Is the £0·1m. the difference between 3 per cent. and, say, 5 per cent., or is it the whole of the interest? Can you take it into revenue if you are accumulating it at compound interest?—It only arises in the way Mr. Lawson has shown his figures. Had he put in just the contribution to the notional Sinking Fund, the basic contribution, in his line 15, he would have had a net figure; but what he has done is he has adopted the other method, quite common as it is, of bringing in on his debit side not only the basic contribution and notional interest on it, and, therefore, he must bring in that notional interest on the credit side. It arises purely from his method of showing his figures.

5944. He is not taking in something he should not take in?—Not at all.

5945. (*President*): You have taken it in also in another line, have you not?—Net, yes. I do not know if that is clear?

(*Mr. Poole*): That is quite clear to me now, yes.

(*The witness withdrew.*)

(*Mr. L. W. Cox*): Sir, we are extremely grateful to the Court for the opportunity of expressing our feelings on the British Transport Commission's proposals. It will be immediately evident to you that I have not the experience of learned Counsel, however, speaking on behalf of the members of the Burgess Hill Ratepayers' Association, I come before you today as an ordinary railway traveller, daily making the journey of 42 miles to London to my work, as do the people I represent.

I would like to make it clear from the start that I am not here today on the principle that any proposal to increase fares, however small, must be bitterly opposed, but rather to protest most strongly at the proposed increase of nearly 50 per cent., so great, indeed, that it could bring economic disaster to thousands of households in the dormitory towns and villages of many counties.

Before Nationalisation the old Railway Companies operated a sliding scale of charges for season tickets based roughly on the principle that the greater the distance you travelled and the better the customer you were the less you paid in proportion for the extra mileage. This policy was carried on over the years to encourage more people to move further away from London, thereby bringing greater regular revenue with the assurance that it would continue steadily for the rest of the traveller's working life. The British Transport Commission saw fit to continue this policy with far-reaching results all over Southern England. Burgess Hill a few years ago was a small Sussex town with a population of about 8,000 people and only a small number of commuters. Since then a revolution has occurred, and to-day the population numbers over 13,000. Vast new private estates have been built, not to be occupied in the main by local people, but almost entirely by families from London, many of whom had been living with in-laws or in miserable conditions unfit for the bringing up of children. They are not rich people. The majority are still young, making their way in the world with a house to pay for over the next 20 years or so, and with a wife and children to support.

This is not intended to sound emotional, it is cold, hard facts. A large proportion of these new residents had to continue their jobs in London because there was no suitable employment locally, so before deciding to move they needed to do some very careful calculations, and, therefore, those who came to Burgess Hill had decided that they could manage principally for two basic reasons: (1) Because the property offered was cheaper than the equivalent in London, and (2) because the rail season ticket rate was nowhere near *pro rata* for distance to the fares they had been paying to suburbia. Had they been so, many would not have been able to afford to move, and we believe that developers being aware of this fact, Burgess Hill would not have grown so much as it has today. We are sure that it never even occurred to anyone that the British Transport Commission might suddenly almost completely revoke a policy established for so many years and threaten them with a rise at the end of 50 per cent. in what is already a large item in their family budgets. Already they are paying nearly £74 per year for the privilege of travelling, in many cases standing throughout the journey. On an average, this probably represents about 10 per cent. of total income after tax, but an even higher——

(*President*): Are these monthly tickets you are talking about?

(*Mr. Cox*): I am basing this at the moment on monthlies, yes, Sir.

(*Mr. Poole*): The per-annum figure you have given of £74 is in a year taking monthly tickets?

(*Mr. Cox*): Yes; but it is an even higher proportion of income in some cases. The proposed increase would mean a jump of about £33 a year, bringing the share to about 15 per cent. of income. As many of these families are already living on a tight budget, that extra 5 per cent. can be the difference between balancing the books and, to use BTC's favourite phrase, a "deficit".

The only, but vital, difference between the British Transport Commission and the traveller is that the latter cannot increase his wages to offset it; he must reduce his standard of living, and in some cases the only way this can be done is to sell his house and move back to London to very inferior conditions. There are already signs that this may happen if these proposed increases are brought into effect. As there is little new employment these days, and as in Exhibit BH 16 the British Transport Commission allow for a 7½ per cent. loss of traffic, it would appear that the British Transport Commission agree with our theory that the farther we are from London the harder we are hit, and few could endure driving to London every day, in addition to the fact that many have not cars, anyway.

On the same basis, Sir, some people considering buying property are awaiting the result of this Tribunal. We feel, therefore that, in addition to the great disturbance which would be caused to families who were forced to move, there would be an overall detrimental effect on property values if this increase is implemented.

We know full well that commercial considerations must play a big part in your deliberations on this Application, but human problems must be borne in mind, and the commuters feel that the British Transport Commission are taking advantage of the fact that they are settled in the dormitory areas and will not wish to move if they can possibly avoid it, however great the sacrifices involved. The commuters consider that to suddenly change an established policy which induces them to move into London is grossly unjust. I suggest, with respect, Sir, that this is not an increase, it is an imposition. Thank you very much.

(*President*): Thank you, Mr. Cox; we are very glad to hear you. Mr. MacLaren, I am told Mr. Ackerman is here; would you extend your indulgence to him?

(*Mr. MacLaren*): Certainly, Sir.

(*President*): We have already heard you in another capacity, Mr. Ackerman, and we are now hearing you as an individual contributing something different and new, we hope.

(*Mr. W. G. Ackerman*): I would like to discuss the various cheap fares we have in the London Area. I have used quite a number of these tickets over the months, and I have found one or two snags with them, and I also want to offer one or two suggestions regarding them.

First of all, I would like to discuss the cert ticket. First of all, this ticket was issued as a theatre ticket on

Mondays to Saturdays after 5 o'clock with the idea of encouraging people into Town to visit the theatres. Then at a later date it was issued on a Thursday afternoon at 2 o'clock as a shopping ticket. Then, quite recently, it has been renamed the "cert" and it has been issued at 4 o'clock instead of 5 o'clock on Saturdays and 4 o'clock on Sundays. When you consider that before the War most of the people worked 5½ days a week and only had the Saturday afternoon and the Sunday, and we had various cheap fares all over the place——

(*President*): What has this to do with us, Mr. Ackerman?

(*Mr. Ackerman*): They were remarkably slow——

(*President*): Just listen to me. What has this to do with us?

(*Mr. Ackerman*): I was just coming to the point.

(*President*): What can it possibly have to do with us?

(*Mr. Ackerman*): I am going to refer to the point of the ticket in question.

(*President*): You must take it from me that we are not going to listen to you indefinitely speaking about matters which have nothing whatever to do with the subject of our Inquiry. But go on with this particular ticket.

(*Mr. Ackerman*): It has this point: I have got the "Transport" magazine, and it shows that when they opened the Northern Line, within two years they issued cheap day return tickets and they were amazed at the number of people they attracted in an area just developed. Then before the War I have numerous leaflets in the '30's of all the cheap fares with figures in the magazine of the tickets they have sold. Then they issued this ticket after the War, and, apparently, it has not been selling very well, and on top of that, instead of finding out why the ticket is not selling, they have had very costly advertisements in the paper and, above all, recently a whole week's advertising on I.T.V. of the ticket. That is the point: Why is this money being spent on the ticket and why is not a way found out to cheapen the ticket?

The flaw in this ticket, to start with, is why not, as before, issue the ticket every day at 9.30 in the morning so that people can come up during the day and during the evenings. Issue it both ways. I have got a friend at Paddington, and when the ticket was first issued I could pay 2s. 0d. to go down and see him, but he has got to pay 3s. 0d. to come out to see me. That is why people just will not travel. Nowadays people have got Saturdays and Sundays free mostly, but they cannot afford to go out, and yet this ticket cannot be made available until 4 or 5 o'clock in the evening. A man and his wife do not want to get up at 4 and 5 o'clock in the evening to take their kiddies out for a few hours; they want to set off in the morning or the afternoon to visit their relatives.

On the price of the ticket, at Stanmore Station they had a 2s. ticket and the return fare to Baker Street was 3s., so I saved 1s. on a ticket and I started travelling on the Underground again as I used to do. Then on the next fare rise the single ticket went up from 1d. to 2d., the 2d. ticket went up by 2d., but because it was a cheap evening ticket it went up by 3d. to 2s. 3d., so I only saved 11d. on the fare. The next fare rise it went up again by 3d., and I only saved 10d. on the fare. In time, if you put it up more on the cheap ticket than on the single ticket, you overlap, with the result that the other week I went to Willesden Green Station in the evening to go to a Lecture at Euston and I looked on the fare-board, and the single fare is 10d., the return fare is 1s. 8d., so I put down 2s. and the cheap return ticket is 1s. 9d., and there are new posters coming out on London Transport giving the fare as 1s. 9d. So there you have a cheap ticket which is dearer than the ordinary day return, and they wonder why the ticket is not selling.

Another point is I have a friend at Willesden Green, and he came down to a meeting at Aldgate. The ticket is available to Holborn, and he bought the ticket for 1s. 6d., but by the time he paid his excess fare to Aldgate he is paying more to travel than if he had not taken the ticket at all. That is why I brought in the tickets being issued, because they do not seem to be issued on the scale and scope on which we used to have the tickets. That is the point of the cert ticket.

Now on the Red Rover ticket. This ticket was brought out in the Country Area about three years ago. I have used it quite a number of times, and it has been very helpful for getting around in the Country Area. It was issued at 5s. after 9.30 in the morning on Saturdays and Sundays, and it was such a success they were selling 4,000——

(*President*): Mr. Ackerman, you can have four minutes more, and then I shall stop you, because up to the moment everything you have said is completely irrelevant to anything we have to consider. We have no power to fix fares, or tickets, or Red Rovers, or certs, or anything else.

(*Mr. Ackerman*): What powers have you, then? I thought we were trying to get people to travel and use the system.

I am going on to the Green Rover ticket. It was 5s., and they sold 4,000 a week, and it was very successful. This ticket was very successful, and it was carried on right through the winter and not withdrawn. Then they go and bring the Red Rover ticket out on Sunday in the London Area, and the first snag is that, instead of buying it on the bus like I bought the Green Rover ticket, it is only available at an Underground station. A friend of mine at Peckham goes out on a Saturday and asks an Inspector: "Where can I get a Rover ticket?", and he is told: "The Elephant and Castle." He said: "I cannot go all the way up there paying fares to buy a Rover ticket", and the Inspector says: "Go down to Pickfords or the coach booking agents." He said: "I cannot go there, they shut at half-past 12." So the result is he did not buy a ticket.

Again, last week his mother is in hosptial at Banstead and he wanted to go by bus, and he came out again and said: "Can I get a ticket somewhere in Peckham so that I can go to Banstead?", and the Inspector said, "No, I am sorry you cannot; you have to go to the Elephant and Castle, pay a 6d. fare to come all the way back again." So he had to go by rail.

A friend of his went all the way to New Cross Station by bus and said: "I want a Red Rover ticket, please", and the chap said: "We do not sell Rover tickets", so he said: "It is an Underground station", and the chap said: "No, it is not, it is the Southern." So he came back disgusted and would not buy the ticket any more.

Then a friend who lives at Bricket Wood in the green Country Area asked me: "How can I get to Walthamstow?", and so I said: "Go on the 84 from St. Albans", and I said: "If you like you can get the Red Rover ticket", but then I had to turn round to him and say: "I am sorry, you cannot get the Rover ticket, you have got to go all the way to Barnet to buy a ticket so that you can get on the bus and use it."

Why are not these tickets issued on the bus in the London area and not at the Underground station, like they are in the Country Area? These people have been put to inconvenience, and that is why the tickets are not sold.

I have got some Red Rovers here which I bought myself which started 18 months ago at Stanmore, and the number of tickets they have sold up to date is 90 in nearly two years. I bought ticket No. 21 on the 26th December of the year before last; on the 13th December, 1957, I bought ticket No. 15; the following Saturday I bought ticket No. 16; in February it was only ticket No. 23; right through to July it was only ticket No. 80; I bought tickets Nos. 130 and No. 131 last month, and to-day they have only sold 139.

Another thing, I think this ticket in the Central Area should be 2s. 6d., because you must realise that people have got friends living in the Centre of London, not across London, and on Saturdays you will not get them out on a 3s. 6d. return from Baker Street, you will not get them out at 5s., but you will get them out at 2s. 6d. They would go and visit their friends and relatives if this ticket was 2s. 6d. in the London Area, and then you will fill your buses up at the week-ends; but it is hopeless with the ticket at 5s. at the moment.

The other ticket is the 8s. 6d.——

(*President*): Your five minutes are up, and I do not want to hear any more. We have power to allow anyone to address us who we think will help us, but we are quite

certain that nothing you have said today will help us in the least upon any topic which we have any power to examine.

(*Mr. Ackerman*): I have got one other point here.

(*President*): What is it about?

(*Mr. Ackerman*): It is about trolley-buses. When I came here last time Mr. Hill spoke to me and said somebody representing the LCC had asked me if I was anywhere near the Court the previous Friday, and I said I was not. So I bought the Minutes of the previous Friday. I was asked about this trolley-bus conversion at Hastings, and the fellow here, in the first instance, says they are going to change over in Hastings, and then halfway through he said they have already changed over and they have secured advantage in operating economies and made a concession in fares. That is totally untrue. The conversion has never been started. There is one bus on trial, and they have had two fare rises in 18 months before the scheme started. What is more, they have put a motion to Hastings Corporation that they are going to cut the services and not replace half the routes, and it is causing a lot of trouble and they are trying to modify it. So things are going far from well down there, and I think the evidence there is totally different.

(*President*): That seems to bear indirectly on something we have been discussing. Good morning, Mr. Ackerman; we must get on.

(*Mr. Ackerman*): Could you give me your grounds? You say I am not very helpful, but I am trying to give facts and figures. There are 8 million of us in London, and we cannot afford to travel. Everybody is complaining about it and nobody seems to come forward with any encouragement to help the people at all.

(*President*): We have no power to fix fares or arrange routes. Our power is merely to fix the maxima. You must take it from me that nothing you have said about the prices of these tickets and the places where they are issued are matters with which we have anything to do.

(*Mr. Ackerman*): Is the maximum fare going to apply to London Transport as well as the BTC?

(*President*): Of course it is.

(*Mr. Patrick Browne*): I understand somebody is here to speak for Mr. Dudley Collard, Sir.

(*Mr. Mark Smith*): If you please, Sir; the position, as the Tribunal knows, is that Mr. Collard has been ill. He is not able to be in Court today, but he has asked me to put forward a short argument on his behalf.

(*President*): We certainly shall not finish the Inquiry today, and it may be that at a later date we will be able to hear Mr. Collard if he prefers to do it himself rather than that you should do it; but we shall be glad to hear you if Mr. Collard thinks that right.

(*Mr. Mark Smith*): If you please, Sir. He did ask me to express his gratitude to the Tribunal for their kindness in going to what he described as extreme lengths to afford him an opportunity of being heard, and he does express his regrets that he is not able to be here today.

(*President*): We will see how it goes.

(*Mr. MacLaren*): If you please, Sir; as the Tribunal is aware, I appear for a number of County Councils, whose names appear on the Record, outside the London Area.

I think everyone must have been impressed by the substantial difference between the cases as presented inside and outside London. We have had a long and interesting discussion on the case put forward by the Commission in the London Area and the case outside London has rather slid into the background. As it seems to those instructing me, the reason is entirely the way the Application outside London has been conceived. The powers sought are substantial, as the Tribunal knows. With regard to ordinary fares, powers are sought to increase them by 50 per cent. above the present maximum, with an increase of up to 50 per cent. in season tickets and the abolition of the early morning ticket. In support of this Application for those wide powers the Commission have not put forward any supporting figures such as we have had in London, and they have rested their case, as I understand it, not so much on the fact that they want more money as that they want flexibility of charging. It must, surely, be a rather surprising proposition that the Commission seek such wide powers to increase charges throughout the country when they have not come here with anything more than theories on fare charging, how fares should be fixed, and an adumbration of large deficits running meanwhile. I suppose the whole way in which it has been presented is summed up in the phrase used by Mr. Fay in his opening speech, that this is not a financial case, and the only relevance of finance is the large and, I think he described them as, "appalling" deficits of the British Transport Commission.

Those whom I represent feel that it would be quite wrong if the Tribunal were to grant powers without better evidence than that, and I shall submit that it is the intention of Parliament that in Applications of this kind the Commission should put forward figures showing, for the present and the next ensuing year, what they anticipate their affairs will be and what they seek to raise by increased charging, so that these estimates may be subjected to criticism and a decision reached upon firm figures, or reasonably firm estimates. If this is not the case, then we have the rather surprising situation that the Commission say: "We ought to have headroom of 50 per cent."—that is, really, what is being said—"And if we have to raise our charges above 2d., we shall come back for a restoration of that 50 per cent." That is the way in which it has been put in this Inquiry both by Mr. Fay and by Sir Reginald Wilson.

Perhaps I could just refer to what Sir Reginald Wilson said on page 50 of the transcript of the Second Day at Q. 120. Mr. Fay is asking Sir Reginald: "Does that mean that you need every decimal point of the increase—of the headroom—for flexibility?—(*A*) The 3d. is needed to provide flexibility. The 3d. is needed to provide for a proper commercial approach to the running of British Railways; it is not intended for any other purpose. It could conceivably be used for another purpose—a short-term purpose—but if it were used to meet the further twist of the inflationary spiral, then the 3d. itself would have to be stepped up, as it were, to take account of the deflation of money." Mr. Fay in his opening, in fact, did propose that if the average fare was to rise above 2d. a mile it would be necessary to come back to the Tribunal to restore the 50 per cent. maxima.

The effect of granting the Application as asked is to transfer to the Commission and its officers—and, indeed, I think this is exactly how the Application is put—the discretion to raise the fares as they think necessary and reasonable and proper. There is, perhaps, a rather significant phrase on the same page, page 50, where Sir Reginald Wilson is dealing with the 3d. and he is giving a number of reasons why 3d. was selected. I would like you to look at the second paragraph of the answer to Q. 118, where Sir Reginald said: "In addition, the Commission felt that the volume of traffic which would in fact continue to offer itself at rates of over 3d. a mile would be small except, of course, for the luxury services where the position can be taken care of by the 'reasonable supplement' asked for in the Scheme. So we thought that the 3d. would cover the great generality of the services we are speaking about, and in those circumstances, we asked for a maximum of 3d. per mile Second Class . . ."

That is another way of saying the 3d. is selected because there is very little traffic that will travel at more than 3d.; as it were, it puts the maximum out of harm's way and gives to the Commission all the discretion that would be of any value to them to raise the fare to the maximum the traffic will stand. I do not think I am exaggerating this Application if I say it is an Application to transfer to the Commission from the Tribunal the control of the maximum lift in fares for all practical purposes, and the maximum which you, in fact, put on is one that is safely out of reach, which would not, in fact, have any practical effect, and should there be an inflation of money values, then the Commission would come back for a further lift on the same principle. I think it is possibly based on the assumption that the purpose of Parliament in passing the 1953 Act was to set the Commission entirely free from restraint. I do not think that can possibly be the proper interpretation of the Act.

(*President*): But if a maximum of 3d. is put on, they will not be entirely free from restraint, will they?

(*Mr. MacLaren*): No, Sir.

(*President*): They are restrained at 3d.

(*Mr. MacLaren*): That is so, Sir; but having regard to whether it does, in fact, restrain them, one looks to the facts, and what Sir Reginald Wilson says is that the amount of traffic offering itself at more than 3d. a mile is very small. I think, indeed, that must be so. So that what I am saying is that a maximum has been fixed which has no practical effect at the present moment. It may, of course, come to have an effect if the value of money continues to fall, but at present it has no, or little, practical effect.

(*President*): You say it is a restraint which is not needed, because the traffic itself would restrain itself at 3d. a mile?

(*Mr. MacLaren*): If you please, Sir.

I would like just to pray in aid, if I may, the practice that has been followed in the transport world, first in this Tribunal where, without any question, the Commission, when they have come forward for fares increases since the Tribunal was formed, have, as a matter of course, presented the Tribunal with very full estimates of traffic, past in their accounts, present and anticipated in the immediate future, and this is the first time there has been an attempt to gain authority to increase fares from this Tribunal without presenting a factual case for the increase. Indeed, in doing so I think the Commission have followed the well-established practice in the transport world as a whole, because, to turn to the Licensing Authorities who control the affairs of the bus companies and Local Authorities, it has been their practice, under their Statute it is true, to require short records of past accounts and estimates for the current year and for the future year or two according to the Licensing Authority concerned. Indeed, this practice, as you may recall, Sir, oddly enough, was confirmed by the Minister in those very Welsh cases which were raised by the Commission, in which the Minister called attention to the fact that the Applicants ought to put in budgets and those budgets were a legitimate point of criticism by those who were objecting on behalf of the Local Authorities. So that it does seem to me that, first of all, there is the established practice of the regulation of affairs in the transport world to show that the method chosen by the Commission in this case is ill-conceived.

(*President*): You are not suggesting that so far as the past is concerned—at any rate, the past going up to the end of 1957—we have not before us sufficient particulars of British Railways' operation, are you?

(*Mr. MacLaren*): Yes, Sir. I am not saying there is not a lot of information. I should prefer to put it in this way, if I may, that the information before the Tribunal is not directed to the question before the Tribunal. Even in the 1957 accounts, full though they be, I suppose in so far as the Commission has sought any financial aid at all—and it is remarkable how little they have sought—they have sought it from the overall deficit figure. There have been a number of references to that.

Dealing with that, I would like to say that that deficit figure is not a good guide, not at all a good guide, to what fares increases are needed or the quantum which should be raised by that method. I say that for a number of reasons. First, of course, the deficit covers both passenger and freight and is not specific to the passenger services in any way. But more important than that, I think, is that the deficit, as I think Sir Reginald Wilson agreed with me, is the measure of all measures that are required to meet the overall situation of British Railways; that is to say, not merely fares increases, but everything else as well, including modernisation, rationalisation, changes of policy and one thing and another of that kind.

If it be right that the deficits measure the need for all the policies which the Commission are trying, they cannot by themselves measure the need for fares increases. I would submit to the Tribunal that at this time, when the public Authorities have stepped in to give a financial umbrella more than assistance to the British Transport Commission to enable them to put their apparatus in a condition to earn the revenue, giving them time to put the Railways in a condition to earn the revenue necessary to meet their costs, one has to have very careful regard to the effects of these different measures which are combining, we hope, to put the Railways on their feet. The main item I submit, by far the most important, is the modernisation proposals and the effect they are having, and I would like, if I may, on this one question to refer to the proposals for the Railways in the White Paper, Command 9880, Paragraph 101, on page 29.

(*President*): That is the 1956 Paper, is it not?

(*Mr. MacLaren*): If you please, Sir. The part of the paragraph immediately ensuing upon the table reads as follows: ". . . It will be seen that the ultimate revenue prospects, which are very satisfactory, depend mainly on modernisation, but when it is remember, for example, that a steam stopping train (stopping trains cover some 80 million train miles a year) has a movement cost of approximately ten shillings a mile, whereas in favourable conditions the multiple unit diesel has a movement cost of only a third of this figure, the magnitude of the economies to be derived from modernisation will be understandable. It may be added that the financial expectations of the Modernistion Plan have not been falsified by any of the development projects tackled since 1954."

There is a rather significant paragraph which follows: "There is, therefore, ample scope for a reconstruction of the Commission's finances. Alternatively, there is ample cover for an operation by which the Revenue Account of the Commission, during the next few years of development and reconstruction, should be relieved temporarily of the obligation to meet the exceptional charges (partly of a quasi-capital nature, partly legacies from the past) falling upon it during this time. These amounts are represented by the shaded areas shown in Appendix D. In total some £200m. would be accumulated in suspense by 1961 to 1962, to which must be added the deficit of about £120m. to be carried forward at the end of 1956. These are large sums but they are not large compared with the later surpluses which should be more than sufficient to amortize any amounts so held in suspense over a reasonable period. Nor are they large in relation to the undertaking as a whole."

That is a statement made by the Commission itself putting, if I may say so, the deficit in true perspective. Things being as they are, these deficits are inevitable, but the Commission has stated in this Paper—and has confirmed this, if you like—that the big key is modernisation, quite dramatic changes are to be expected from it; deficits are bound to be accrued, but the succeeding surpluses will more than look after the deficits, given reasonable time to pay off the back deficits.

(*President*): You are not arguing from that it really does not matter what their deficits are for the moment?

(*Mr. MacLaren*): Far from it, Sir. What I am saying is that, in order to enable the Tribunal to arrive at a proper decision whether to confirm this Scheme as it stands or to alter it, it is necessary to have estimates for the present year and for the next year of the expectation of the Commission, showing what they reasonably expect to be the effect of the various measures they are taking.

Their faith in those two paragraphs which I have just read is confirmed on the first page of the 1957 Annual Accounts, which were published in 1958. I have already referred the Tribunal to this in cross-examining Sir Reginald Wilson. You will remember Sir Reginald said that means that the amount we had to borrow was broadly what we expected we would have to borrow in this particular year. If I may just briefly read it, it says: "In the Government's White Paper of October 1956, the Commission set out a plan to bring their accounts into balance by 1961-62. This would allow time for railway modernisation and the new freight charges scheme to yield increased revenue. In this context, the results of the year 1957 were not far short of expectations. The working deficit on British Railways was £27·1m., whereas there was a working surplus of £23·4m. on the Commission's other activities, taken together and including British Road Services, Provincial and Scottish Buses, London Transport, Ships, Inland Waterways, Docks, Hotels and Catering Services and Property. After charging interest, etc., the sum which the Commission are authorised by Parliament to borrow in respect of the railway deficit less the surplus of other activities amounts to £63·5m. In view of the competition which has intensified in all

branches of public transport, the Commission consider that the years working results are as good as could be reasonably expected. They see the need to accelerate the pace of modernisation and they are taking steps to secure further economies. They do not qualify the confidence they have expressed in previous Reports in the commercial future of British Railways and indeed of their whole undertaking."

In 1958, within a few months of the publication of that paragraph, the correspondence between the Minister and Sir Brian Robertson was published, and even there, after the considerable setback in heavy freight traffics, the conclusion is reached which appears on page 9 of the 1958 White Paper, in Paragraph 33: "First, the Commission want to state that nothing has happened to stultify the appreciation of the future prospects of the railways, as set out in the White Paper of 1956. In so far as new equipment has already been put into service, it has justified the claims made for it, as paragraphs 27 to 30 show. Increased flexibility in charging methods has given results more slowly than was expected, but they are beginning to mature. In the White Paper it was specifically stated that the forecasts made in it were put forward on the assumption that the general level of the national economy would stay about where it was. A severe, even if temporary, setback in those industries on which the railways are most dependent inevitably affects those forecasts. It has not shaken the Commission's confidence in their plans, nor their determination to see their plans through to success."

So, Sir, the appreciation of 1956 has been reaffirmed twice recently. So it does seem—and I am instructed most strongly to suggest—that in order to ascertain what increases should be authorised, information is required about the activities for 1958 and the prospects for 1959, bringing into account the changes which may reasonably be expected from the other measures which are being taken.

To keep it purely on a factual level for a moment, I think this view is reinforced by the views of the Commission expressed in September of last year in the same White Paper, on the previous page, page 8, where there is a paragraph headed: "Possible increases in revenue." 26 (*a*) is headed: "*Passenger Traffic.* As already stated, the Commission have lodged a new Passenger Charges Scheme with the Transport Tribunal. If the Tribunal approve this Scheme, powers are not likely to be available to the Commission until early in 1959. Any general increase in British Railways passenger fares would have to be very carefully considered in the light of current market conditions: selective increases will be made where possible."

Then it goes on to deal with freight, and I go straight to the last sentence of that paragraph: "As far as possible, it is the Commission's policy to hold down their freight charges in order to encourage traffic."

There it is said that any general increase in passenger charges will have to be very carefully considered, and, with great respect, I think that is right; but I think this very careful consideration needs to be given here, on figures which will enable the Tribunal to form some view as to what may reasonably be expected from this source of revenue.

(*President*): This is the Commission's Paper. When they say "Any general increase in British Railway's passenger fares would have to be very carefully considered in the light of current market conditions", whether they are right or wrong, what they are saying is: "Will have to be very carefully considered by us."

(*Mr. MacLaren*): Yes. In perfect fairness they are saying that they, the Commission, will have to carefully consider it. All I am saying is that that view that those general increases in fares do have to be carefully considered as things are, is one which is generally shared; but it is surely right that the facts which help to throw light on these general considerations should be before this Tribunal; indeed, without them this rather ponderous procedure of Inquiry seems rather pointless. If I may put it in this way: If you could look at it for the moment from the point of view of the County Councils who are objecting, there is nothing put before them to which they can apply their minds on any result that bears upon this one question of how much should the fares be increased, to put any quantity on it at all.

(*President*): It is putting it a bit high to say there is "nothing". They have the statement in this same White Paper that when the accounts for 1958 had been audited and approved the Commission's deficit is likely to be of the order of £85m.

(*Mr. MacLaren*): Certainly.

(*President*): That is something to begin with.

(*Mr. MacLaren*): It is the background of deficit, yes.

(*President*): And assuming that the prospects outlined in 1956 were fully confirmed, the benefits expected in 1956 to accrue from modernisation would not have caught up with the deficit at that stage in 1958, would they?

(*Mr. MacLaren*): No, certainly not. There is no doubt at all about it that there are deficits, and I think those whom I represent came here expecting to find that very solid grounds could be put forward for some increase in revenue. All I am saying is that in the state of the evidence it is impossible to quantify it, quite impossible. Certainly that is conceded at once.

But on the question of this deficit and how the facts fit the expectations, it is, perhaps, not unimportant to consider that the steep dive in revenue in 1958, estimated to be by the end of the year some £30m. below expectations, is for the greater part, much the greater part, due to difficulties in the heavy freight traffic. I think the figures are given for the first 36 weeks, which give an indication of how they are running, and, if I remember correctly, the estimated loss in the first 36 weeks on passenger fares was £1·3m. It appears, I think, in paragraph 3 of the White Paper at page 4: "The fall in British Railways traffic receipts for the first 36 weeks of 1958, by comparison with the Commission's budget estimates, is tabulated in Appendix A to this letter. The sum total of all railway traffic receipts for the first 36 weeks shows a decline of over £18m. (5½ per cent.). Considering the state of trade, passenger traffic is remarkably buoyant, total passenger receipts having receded by no more than £1·3m. (1½ per cent.) and, wherever modernised passenger services have been introduced, there has been an improvement in the net revenue position. Total freight receipts have, however, shrunk by no less than £16·7 (7 per cent.). The preponderance of loss is, therefore, in the freight field, especially in the case of coal and minerals."

I do not think there is any doubt, I think Sir Reginald conceded it, that that recession of £1·3m., so described in that Paper, is a falling short from the estimated revenue or target which the Commission set and is some indication of the relationship between passenger receipts and what it was hoped that the progress of the other plans might obtain, and that, in fact, the passenger receipts have marginally risen in 1958 over 1957. So it is a budget figure we are talking about, and against the budget figure there is this very heavy fall in freight.

(*President*): At any rate, we have the figures for the first 36 weeks, and if we are diligent enough we can complete, from the transport statistics up to a month ago, the actual receipts, can we not?

(*Mr. McLaren*): Yes.

(*President*): Both passenger and freight?

(*Mr. MacLaren*): Certainly. It is possible to get the actual receipts against the expected figure given here.

(*President*): In the first column they are actuals, and as they give us the difference from the budget, a little arithmetic on our own part would give us the budget figure, if it is of any help to you. We certainly have the 1957 accounts, and we have the 1958 actuals up to the end of September, and we can supplement them, if we want to get them for the whole year, by using the transport statistics, I suppose, up to the end of February, or something of that sort. So that, so far as the past is concerned, we can fully inform ourselves.

(*Mr. MacLaren*): No. We can fully inform ourselves on receipts, but that is only one-half of the picture.

(*President*): I agree we have not got working expenses on this table.

(*Mr. MacLaren*): No, and those working expenses are the matter to which I wish to refer next. First of all, Sir, I freely admit that the revenue for the year could have been worked out; in fact, I think one of those advising me did work it out. But the revenue by itself was not much help. All I need call attention to here

at the moment on the revenue side is that the shortfall from budget—which is what I was concerned with—is merely on the freight side, very much on the freight side, and is light on the passenger side.

When you come to costs, we have no figures at all except the figures given in the White Paper, on which, I must confess, I gained the impression that Sir Reginald Wilson was casting some doubt, although it was not quantified and the figure given as the target for economies to be introduced in 1959 was £20m. in addition to the economies enumerated earlier in the Paper which had already been put into effect. We know that the Minister sought to increase that £20m. to £30m., but, so far as the evidence takes us, the situation, so far as the Commission is concerned, is that they have said they will fix this target at £20m., and that is as far as it goes. We know nothing about these economies at all; but let me, for the purpose of reasoning—and that is not much else I can do—assume that this £20m. target is, in fact, set and is, in fact, achieved. Some portion of that—who can tell how much, but certainly some portion of it—must affect the passenger side of the undertaking. One is immediately impressed by the difference between the size of the figure of the £20m. saving on the one hand, and the fall in passenger traffic short of budget of £1·3m. in 36 weeks. There is a vast difference between £1·3m. and £20m. So it would not take a very large share of these economies to eliminate that shortfall on budget.

It is rather like playing with shadows, because we have not got any figures about costs, but all I can invite the Tribunal to do is to pay some regard to such slight straws in the wind as there are and to say that just to enumerate deficits is just not good enough.

Again, Sir Reginald Wilson said they were not budgets as we understand "budgets", he said they had not got programmes in the sense of definite steps and, presumably, they have not taken definite steps except so far as was possible; but I rather thought that the target figures set—which are referred to in this White Paper and, indeed, given in the Appendices—did represent the steps by which the Commission hopes to cross the line and reach the result forecast in 1956. Not knowing what the fact of the matter is, I invite the Tribunal to assume, for the purpose of reasoning, that I am right in this. In that event, the passenger services are riding very close to budget, very close to expectation, very close to yielding the surpluses hereafter which are foreshadowed in 1956. Again, it is not possible to quantify how far short they are; they are a little short on revenue, but perhaps they are not short on costs; they may be better on costs for all we know, and if the two sides are put together the result might well be that the passenger side of the Commission's traffics is in a reasonably strong position and promises to cross the line, to use that phrase, eliminate the working deficit in a reasonable time and show a surplus thereafter. We just do not know.

(*President*): Can we ever know whether the passenger services are meeting their full costs?

(*Mr. MacLaren*): We may not, Sir, but that is no reason why awards of increases should be given against the passengers when there is no attempt to know.

(*President*): No, but if it be true that we can never know, then the argument that we ought to know it before we sanction increases rather brings these Inquiries to an end, does it not?

(*Mr. MacLaren*): I wondered whether that was the purpose of this Application, Sir.

(*President*): I thought you were suggesting that before one sanctions a maximum one ought to know whether the passenger services at the moment of the Application are meeting their full costs already. I thought you were putting that as a general proposition; if you accompany it by the statement that you can never know whether the passenger services are meeting their full costs, you are in reality then saying that no Inquiry can ever show the reason for a new maximum, are you not?

(*Mr. MacLaren*): I hope not, Sir.

(*President*): Then shall we start at the beginning, Mr. MacLaren. Do you say that without the knowledge as to whether the passenger services taken alone are meeting their full costs, one cannot deal with an Application for a maximum?

(*Mr. MacLaren*): No, Sir.

(*President*): You do not say that?

(*Mr. MacLaren*): No, Sir. One has to form a view; there is a difference between forming a view and knowing. We all know that this question of joint costs is extremely difficult, but one can form a view, taking the whole undertaking, whether by and large the passenger services are making a proper contribution, whether more is required from them, and, if so, how much. That is not putting it as high as saying that you can know for certain; who can divide the joint costs with complete certainty, I do not know.

(*President*): We were told by Mr. Winchester that at the moment they can be regarded as making a contribution of £20m. a year, in addition to meeting their specific costs.

(*Mr. MacLaren*): Yes, Sir; I was going to address my mind to these figures, the only figures which are provided in this Inquiry.

(*President*): But perhaps I am diverting you, Mr. MacLaren.

(*Mr. MacLaren*): No, Sir, not in the least; I will deal with that now, if it is convenient.

If we look at what Mr. Winchester said, it is on the Second Day——

(*President*): Yes; it is on page 52.

(*Mr. MacLaren*): I am obliged. I should like to look at the answer to Question 165 on that page: "(*Q*) So it is £20m. out of £170m.? "——

(*President*): I should have thought that you ought to begin at Question 158.

(*Mr. MacLaren*): If you please, Sir: "(*Q*) What have you to say about the coaching train operations as a whole outside London?—(*A*) We estimate at the moment that these services are meeting their direct expenses—that is corresponding to the movement and terminal expenses shown for London Lines on Exhibit WW 11—and they are making a contribution of about £20m. a year towards joint expenses which they share with freight. (*President*) This is British Railways outside London "——

(*President*): Yes; then there was some slight confusion as to whether he was dealing with British Railways outside London or with British Railways as a whole. I think you can pass now to Question 163.

(*Mr. MacLaren*): If you please, Sir. That reads: "Could you define that?—(*A*) The main elements are track, signalling and general administration and Central Charges".

(*President*): Yes; it is joint expenses that he is talking about.

(*Mr. MacLaren*): Yes, Sir. "(*Q*) Is that including or excluding provision for reserves?—(*A*) It is excluding anything for reserves; including the items I have mentioned, but before including anything for reserves. The total of those joint expenses is about £170m. (*Q*) So it is £20m. out of £170m.?—(*A*) Yes. I do not propose to suggest what the contribution ought to be, but employing some rough tests, if we look at gross receipts, passengers contributed more than one-third. If we look at direct expenses, it is about the same proportion perhaps a little more. If we look at train miles, the coaching trains outside London are responsible for rather more than half the total train miles of British Railways. So that by any of those tests, it is clear in my view that a contribution of £20m. towards the total joint expenses of £170m. is inadequate".

If I could just pause there for a moment, Sir, it is rather interesting to look at the way that has been broken down in the answer to Question 165.

Mr. Winchester is saying that if you look at the gross receipts, the coaching trains contributed about one-third; if you look at direct expenses, it is about the same proportion, perhaps a little more, and perhaps I might just pause there for a moment to say that if the direct expenses are about one-third of the total and if the revenue is about one-third of the total, then it follows that the contribution to joint expenses is also about one-third of the total; that is to say, the passenger and freight services are contributing in a similar proportion of one-third to two-thirds—I think that must follow from what is said there.

It means, I think, that this statement is only another way of saying that there is a deficit and that the contribution to joint expenses by passenger and freight are in proportion to their direct expenses.

I think that must be right, Sir, and if it is right, this little calculation does not really get us very far.

Another matter about this is, that no year is specified; I suspect—and those who instruct me tell me that they think—it must be 1957.

(*President*): In the answer to Question 158 he is saying: "At the present moment".

(*Mr. MacLaren*): Yes, Sir. I do not understand what that means, because they are annual figures. I do not know whether it is being suggested that it is running at this rate—I just do not know. If it is in fact the figures for 1957, of course there has been a big change in 1958 from the 1957 position, and the contribution of freight would, of course, have fallen in relation to the contribution of passenger. But that is not really the crux of the matter; the crux of the matter is what the share is between freight and passenger.

(*President*): There was not any contribution by freight, was there?

(*Mr. MacLaren*): To joint expenses?

(*President*): I was wondering about the total deficit on British Railways; it was put at £85m.

(*Mr. Patrick Browne*): I am instructed that when Mr. Winchester said "at the moment", he meant "at the moment" and not in 1957. It was the figure he took when he was giving his evidence, which was in December, 1958.

(*Mr. MacLaren*): That is as may be.

(*Mr. Patrick Browne*): It is as it is, Mr. MacLaren.

(*Mr. MacLaren*): With respect. Be that as it may, this is a fragment of information, if I may put it that way; it is quite impossible for the Objectors to scrutinise it in any way and without further information.

(*President*): Did you ask for any more information at any time?

(*Mr. MacLaren*): Yes, Sir; we sent a letter.

(*Mr. Patrick Browne*): Mr. MacLaren reserved his right to cross-examine Mr. Winchester, and in fact he never exercised it; so if there is any complaint about this, my friend is not entitled to make it when he has declined the opportunity to ask for the information.

(*Mr. MacLaren*): If I may refer to the Fifth Day, page 106, at Question 1220, you may remember that in that question we put two letters to Sir Reginald Wilson, a letter written by those instructing me seeking information about 1958 and 1959, and then the answer which comes seven lines from the bottom, at the end of the line, beginning: "'Your letter of the 20th January has been carefully considered by my clients. So far as concerns British Railways outside London, the case for the Commission as summarised by Mr. Edgar Fay, Q.C., in his opening (First Day, page 11) in the following sentence:—"It is not a financial case; the only relevance to finance is, of course, that the Railways have a large and lamentable deficit, and this as a background against which it is essential to gather in every penny that can properly and reasonably be gathered in". The facts as to the financial position of British Railways in 1958 and the expected position for 1959 were stated by Mr. Winchester on the Second Day, at Questions 150 to 168. The great quantity of additional information asked for in your letter is, therefore, not relevant to the Commission's case as put before the Tribunal, and I am instructed to inform you that for this reason (amongst others) the Commission are not prepared to supply it unless they are required to do so by the Tribunal. It may, however, assist you to know that some of the information asked for in your letter is periodically given in "Transport Statistics" published monthly by the Commission, a copy of the latest edition of which is enclosed.'" We asked for the information by letter, and that was the reply; it is, as it were, throwing down the gauntlet—"We say that this is not a financial case, that it does not need financial support, and we are not going to give it unless we are ordered to do so". If the gauntlet had not been thrown down in that way——

(*President*): But the question is: Did you leave it on the floor?

(*Mr. MacLaren*): I asked no questions of Mr. Winchester, Sir, on the very well known ground, be it good or bad, that you do not ask questions when you have not the slightest idea what the answer is going to be.

(*President*): And one does not ask questions, if one is wise, if you think you can make a good point of the inadequacy of the information given in chief.

(*Mr. MacLaren*): Of course. I should like to put it in this way now, if I may: I do not for myself say, and I submit to the Tribunal, that it is not possible to know on the evidence before us what charging powers the Commission require outside London to meet the present situation. There is no attempt to quantify what this is worth to the Commission, and there is very little suggestion as to what should be done with the power when they have it. I shall come to that in a moment, Sir, but to keep on my first point, it does seem to me that there is not the information before the Tribunal, and certainly the Objectors have not had an opportunity to examine any information which enables the Tribunal properly to decide whether the Scheme should be confirmed or not, and if confirmed with alterations, what the alterations should be outside London.

Perhaps I might just refer to the Section of the Act that deals with this matter; it is Section 78 of the Act of 1947, and I think sub-section (6) deals with the matter.

It says very simply: "It shall be the duty of the Commission to give to the tribunal all such assistance as is necessary or as the tribunal may require for the purpose of deciding whether or not to confirm the scheme with or without alterations".

That very brief sub-section confirms what has been the practice throughout in these transport Inquiries, and my first submission is that as a matter of law there is not the information before the Tribunal which can enable it to ascertain what assistance is required by the Commission from fares increases, to quantify it and to know whether this Scheme should be confirmed with or without alterations.

(*President*): We had better be careful about this, Mr. MacLaren; this is a submission in point of law?

(*Mr. MacLaren*): Yes, Sir.

(*President*): The legal submission is that there is not enough information; I want to assist the Court of Appeal by getting it clear!

(*Mr. MacLaren*): Yes, Sir; and there is not the evidence necessary before the Tribunal for the purpose of deciding whether or not to confirm the Scheme with or without alterations.

(*President*): It would make a very interesting appeal, would it not—and expensive, I am afraid.

(*Mr. MacLaren*): Yes, Sir, but I do rely, in support of that section, on the known practice at Transport Inquiries, of which this, as far as I am aware, is the first departure.

I think that must surely be reinforced too by the provision for the Inquiry itself, for in the circumstances of these cases, where fares increases are sought by transport authorities of one kind or another, only the transport authority has the information which is relevant; no one else has, and if it is not provided by the transport authority, then the objector is helpless, and the provision for objection is rendered of little effect. So this whole section, which is concerned with the Inquiry as such, really turns on the Commission's providing sufficient information for both the Objectors to enquire and the Tribunal to decide whether the Scheme should be confirmed with or without alterations.

(*President*): Of course, there is the extraordinary provision in the 1953 Act, Section 20, sub-section (4).

(*Mr. MacLaren*): Yes, Sir, I am coming to that; I think it is probably the crux of the whole matter.

Perhaps I may first look at Section 77 of the 1947 Act; it is a well known section, but as the rest really stems from it, it might be as well to look at it.

I should like to read first of all sub-section (1) of Section 77: "A charges scheme may, as respects any of the services and facilities to which it relates, adopt such

system for the determination of the charges, or, as the case may be, the charges and other terms and conditions, which are to be applicable as may appear desirable, and in particular and without prejudice to the generality of the foregoing words, any such scheme may, as respects any of the services and facilities to which it relates—(*a*) provide, with or without exceptions, for fixed charges, maximum charges, or standard charges, that is to say, charges which are to be adhered to save as otherwise provided by any provision of the scheme, and, in particular, by any provision of the scheme relating to the making of exceptional charges, special charges or agreed charges; (*b*) provide in any such case for minimum charges".

Then it deals with terms and conditions, and I think I can go straight to (*e*): "in all or any cases, leave to the Commission the determination of the charges which are to be made or the terms and conditions which are to be applicable, subject to such conditions and such limitations, if any, as may be provided for in the scheme (including if the scheme so provides, conditions as to the approval of the charges, terms and conditions by the Transport Tribunal or conditions otherwise reserving powers to the Transport Tribunal as to the determination of the charges, terms and conditions)". Then it provides for publication and so on.

Sub-paragraph (*e*) is interesting, Sir; it might almost be that this Application now before the Court for part of the services outside London was made under that sub-section; it has the sort of feel of leaving to the Commission what charges they shall make, giving them the maximum freedom; that is Section 77, which is well known. Section 20 of the 1953 Act says, in sub-section (2): "Every charges scheme shall, as respects services and facilities to which it relates, comply with the following requirements, that is to say—(*a*) it shall not provide for fixed charges or standard charges; (*b*) it shall fix maximum charges except in cases where it appears not to be reasonably practicable or to be undesirable so to do", and then it deals with cases where no maximum charge is fixed.

Then in sub-paragraph (*d*): "it shall, save as aforesaid, and subject to the provisions of this Act, secure that the charges to be made are left to the Commission's discretion and that no conditions or limitations are imposed on that discretion", and then there is a provision for the publication.

First of all, sub-section (2) (*b*) says: "it shall fix maximum charges except in cases where it appears not to be reasonably practicable or to be undersirable so to do". Pausing there for a moment, Sir, that has a very sharp effect on Section 77, sub-section (1) (*e*), which you will recollect is: "in all or any cases, leave to the Commission the determination of the charges which are to made or the terms and conditions which are to be applicable, subject to such conditions and such limitations, if any, as may be provided for in the scheme".

The effect of sub-section (2) (*b*), in my submission, is to override Section 77, sub-section (1) (*e*), of the 1947 Act, and say that the maximum shall be fixed except in those cases where it is not practicable or desirable to do so, and that it shall not be left to the Commission.

In sub-section (2) (*d*) of Section 20 of the 1953 Act it says: "it shall, save as aforesaid, and subject to the provisions of this Act, secure that the charges to be made are left to the Commission's discretion and that no conditions or limitations are imposed on that discretion"; that is all subject to the overriding words in the beginning of the sub-section "save as aforesaid", and, of course, "subject to the provisions of this Act". But "save as aforesaid" must include sub-section (2) (*b*), which says "it shall fix maximum charges"—that is brought in first. It must surely mean that maximum charges shall be fixed and save in so far as maximum charges are fixed and subject to the provisions of the Act, it shall thereafter secure that the charges are left to the Commission's discretion. I think that must surely mean that all the paraphernalia of fixed charges, agreed charges and conditions attached to charges which may limit the discretion of the Commission are no longer possible.

There is another interesting aspect of this, I think, again on the practice: These various things that the Tribunal are enjoined not to do—to fix standard charges, minimum charges, fixed charges and so on—were all common practice in the world of freight, as I understand it; at least, most of them were, including exceptional charges, agreed charges and the rest.

(*President*): You have maximum agreed charges more than once; there is a specific provision about agreed charges, is there not, in Section 21, sub-section (4)—they are left entirely free either above or below the maximum.

(*Mr. MacLaren*): Yes, Sir, but what I was really adverting to was the provision of Section 77. Prior to the 1953 Act it was the practice in the world of freight charging to have it subject to these very many limitations of one kind and another, and the Act of 1953 swept those away, in effect—I do not think there is any doubt about that—and provided in their place a simple maximum charge. In the world of passenger traffic these devices have not, so far as I am aware, been used; the statutory charges have in fact operated as maximum charges, whatever they may have been called in the old days, and this Tribunal in fact exercised its powers so as to fix maximum charges only, and that was the effect of the Orders of this Tribunal, which was following again what seems to have been the time-honoured practice. However, we find a fixing of maximum charges and not other limitations of charging as has been the practice in the passenger world, and I would submit that the 1953 Act has made no difference at all in this field; it has simply confirmed what has been all along the practice in the regulation of charges for passenger traffic.

If that should be right, then the practice as it has gone before, remains uninterrupted. I submit that the whole practice, including the submission of the evidence to secure an increase in charges, must apply; the mandatory command from Parliament that maximum charges shall be fixed must surely mean that those maximum charges shall in some way be effective and not in practical terms be removed out of harm's way; in other words, they are intended to act as a restraint.

I think I can come finally now to consider the suggestions that have been made for the use of these increased charging powers.

(*President*): I think we can adjourn now until five minutes past two, Mr. MacLaren; you can deal with that after lunch.

(*Mr. Patrick Browne*): May I give you the reference to the discussion as to whether or not Mr. MacLaren was going to ask any further questions of Mr. Winchester; it is in the Seventh Day, at page 165. I will not trouble you by reading it out, Sir, but there it is.

(*President*): Thank you, Mr. Browne.

(*Adjourned for a short time.*)

(*Mr. Fay*): Before my learned friend resumes his address, Sir, might I mention one or two matters?

Firstly, with regard to the future sittings of the Tribunal, I appreciate that today we are drawing to the close of the various cases put forward by the Objectors, and in those circumstances all that will remain will be for me to address the Tribunal as shortly as the facts permit. Owing to a number of matters, my clients and myself personally will be in difficulty if I were to be asked to address the Tribunal next Monday, as was originally suggested, and I apprehend that the Tribunal may be disposed to fix a later date for that purpose. If that were so, it would certainly be for the convenience of myself and my clients, who are giving me instructions about matters which my learned friends have raised.

(*President*): Yes, Mr. Fay; we have heard about your difficulties in private, and we have decided that we shall not sit on Monday next, but that we shall sit tomorrow week, which will be on a Friday, whatever the date may be.

(*Mr. Fay*): It is the 13th, I am afraid, Sir.

(*President*): Yes. If your address lasts over the day, we shall, of course, sit again, and that will be on the Monday of the following week.

(*Mr. Fay*): I am very much obliged to you, Sir.

(*President*): I hope that will relieve you from your difficulties.

(*Mr. Fay*): If you please, Sir. There are a lot of matters to consider, and upon which to take instructions, and I am hoping to hear from Mr. MacLaren this afternoon about the other matters on which I may yet have to take instructions.

If I may now pass to another topic——

(*President*): Before you pass to the other topic, Mr. Fay, in the early part of these proceedings I thing, repeating something which was said in the House of Commons, a statement was made to the effect that the Commission would not make any general increase in the exercise of any new powers for a period of six months, and we should be anxious to be told, before you finish your address, as from what date that six months is to be taken as running.

(*Mr. Fay*): I can tell you now, Sir. When I said it was six months, it was six months from then—six months from when the Inquiry opened; but I will take further instructions on that.

(*President*): Yes, perhaps you might; you may not have anticipated, on the 18th December last, that we should still be sitting on the 5th March.

(*Mr. Fay*): If you please, Sir.

The other matter I would like leave to advert to is this, that a great deal has been heard in the course of this case about the specific approach on the question of the Central Charges and the accumulated deficit of London Transport. Mr. James has performed an exercise in the specific approach himself in consequence of what has been heard about it in this case, and it seemed to me that it would be right that since, as it were, the official Commission's version of the specific approach has been produced, it ought not to be withheld from the Tribunal. In those circumstances, I should like to put in at this late stage one sheet, which contains the workings year by year, from 1948 to 1958, of the specific approach as the Commission sees it.

(*President*): The specific approach to what—to the Central Charge calculation in respect of what activity?

(*Mr. Fay*): London Transport, Sir.

(*President*): London Transport only?

(*Mr. Fay*): Yes, Sir. I am sorry; I should have said that.

(*President*): Are the figures contained in it figures which are capable of being verified from the accounts or from the evidence?

(*Mr. Fay*): They are. It may be that some of them are omnibus figures, which would need a little explanation, and Mr. James would be available to give that explanation whenever anyone wished it.

(*President*): Mr. James is going to make some explanation to you at the moment, Mr. Fay.

(*Mr. Fay*): He tells me that there might be some difficulty in verifying some of the figures directly from the accounts.

(*President*): Yes; we do not want it to be open to any Objector to say; "Well, this document was put in after our address had been made, and we had no opportunity of correcting it".

(*Mr. Fay*): It is not part of my case; it is certainly no part of the Commission's case that the specific approach is the proper approach. The reason I wanted to put it in is because if the specific approach commended itself to the Tribunal, we would like a proper specific approach, as we see it, to be put before the Tribunal, and that has produced a different result from Mr. Lawson's exercise. But there it is, Sir; if you think it would be better not to put it in, I shall not do so.

(*President*): No, I am extremely anxious to see it. In point of fact it had crossed my mind that we would invite you to take Mr. Lawson's specific approach tables and, with certain alterations made in some of the lines, to bring out a revised Lawson table. It may be that your new table is in fact that which I would have liked to have had made; the alterations of which I would like to see the result probably necessitates arithmetical calculations upon which I would not myself trust my own powers. I am very anxious to see it, and I think we had better have it put in; but it must be sent to Mr. MacKenna's clients—they must have it, and they must be at liberty themselves to put in any correction figures on that approach.

(*Mr. Fay*): Certainly, Sir.

(*Mr. MacLaren*): And the LCC?

(*President*): It would not affect your case, would it, Mr. MacLaren?

(*Mr. MacLaren*): I should not think it would, Sir.

(*Mr. Fay*): If those instructing Mr. MacKenna want any explanation of this new table, those instructing me will give it; there has been friendly liaison over Mr. Lawson's table.

(*President*): Yes; it is obvious that some of the information could only have been got from Mr. James. Are copies available, Mr. Fay?

(*Mr. Fay*): Yes, Sir; I think it will be Exhibit PJ 16. (*Exhibit PJ 16 put in.*)

(*President*): Very well; that is one of the matters.

(*Mr. Fay*): Yes, Sir, and I have one other matter I should like to mention. It arises out of the table which was put in by Sir Milner Holland on the last occasion we met, and which is printed at page 411.

(*President*): That is the capital requirements?

(*Mr. Fay*): Yes, capital requirements in the future and net revenue savings thereon. I wanted to make a comment upon it now, because when it was put in there was then no opportunity to comment upon it. So that the Commission's comments may be known in the presence of as many Objectors as possible, may I say now that it purports to look ahead to 1963 and to see what the capital position is going to be by that date. To the extent that it looks that far forward it is misleading, Sir, for this reason, that the capital expenditure to the end of 1961 has been either authorised or is expected shortly to be authorised. As you know, the original authorised figure was £37m.; in fact what has been authorised is £38m. Mr. James, in addition to referring to that figure of £37m. or £38m., mentioned a further £7m. capital expenditure for which authorisation is now being sought.

(*President*): Yes; that was when he was answering Mr. Poole.

(*Mr. Fay*): Yes. That is what brings it up to £44m., the figure in this table. That figure of £44m., as is rightly said here, is expected to be extended up to the end of 1963, but what is not said in this table is that it is not the whole story, because London Transport Executive are confidently expecting to spend an additional sum in 1962 and 1963, and perhaps towards the end of 1961, of some £19m., and if one is going to look forward to 1963—and the further forward one looks the more difficult it is to see a plain picture—one ought to add in the forecast of £19m. about which we had not heard anything because it is not my case that we should look that far ahead. If one adds that in, the figure in column 6, Interest and Additional Depreciation, should be, at the rate of 4 per cent., £3·8m., and it is likely that the figure in column 7 for revenue savings should be £0·7m. instead of £0·5m. That is a comment I wish to have on the Note, so that it is not thought that this table represents the capital position down to the end of 1963.

(*President*): At the moment, the way my mind is working is to restrain my powers of prophecy up to the end of 1962.

(*Mr. Fay*): If you please, Sir. I was working to the end of 1961 myself; that is the £37m. or £38m.

(*Mr. Poole*): Is that figures of £39·5m. up to the end of 1961 approximately correct, or is it £38m.?

(*Mr. Fay*): It is £38m. at present authorised; that was stated by Mr. James. There is a reference also at the beginning of the last day's transcript, to a figure of £39m., which I think is an error; the original figure given is £37m. It is on page 390, Question 5892, where I think you, Sir, and Mr. Poole were asking questions, and there is a figure mentioned there of £39m., which I think was probably a reference to P.J.15 and to the questions on which it was founded, where the figure was given as £37m.

(*President*): Very well.

I am sorry you have had to suffer those interruptions, Mr. MacLaren.

(*Mr. MacLaren*): Not in the least, Sir.

I was about to turn to the suggested uses of the maximum powers, if granted. It is only fair, of course, for me to take what Mr. Fay has said into account—I think Sir Reginald Wilson reinforced it, although I am not quite sure about that; but Mr. Fay certainly said that neither he nor Sir Reginald, by any suggestions they might make, would bind the Commission actually to follow those suggestions and not follow others. But all I can deal with are such suggestions as were in fact made for the use of these higher charging powers.

What struck me about the suggestions was, with one important exception, their local nature—local to particular journeys. It was suggested that this increased power might be used in addition to the power of surcharge sought for trains of exceptionally high service that were likely to attract people willing to pay a maximum sum for it. I think that was the only suggestion that I recall that sought to gain more revenue by finding what I think was called a higher psychological price.

Then there were a number of suggestions which, if I understood them aright, were either to deal with costs or to deal with too much traffic at particular points leading to unused capacity at other points, as I understood Sir Reginald Wilson's evidence. To deal with the higher costs there was evidence about using increased charging powers where there were expensive engineering works—you will remember that, Sir—tunnels and bridges. There was also evidence that it might be advisable, where the fate of, say, a branch line was under consideration, to see if it would survive a "kill-or-cure" process of increasing the charge and seeing if the people using the line were ready to pay the increased charge and so preserve it in use.

As I recall, those were what I may call the two "high cost" cases that were put before the Tribunal.

Then there were a series of what I might call cases of turning traffic away, that according to Sir Reginald Wilson led to unused capacity, and of those I remember three cases; one was the short-distance traveller—I assume that means a short-distance traveller on a longer-distance train; secondly, of passengers travelling one stage (say a stage of 50 miles) on an express and no further, leading to unused capacity for the rest of its journey; thirdly, people buying single tickets and not return tickets, and fourthly, the peak travellers. I think that is the list as it was given.

I should like, first of all, to draw attention to the fact that many of those requirements could be reached by far narrower provisions in the Scheme than are sought; that is the power to make an additional charge for short journeys on the long-distance train, or for what might be called one-stage journeys on a through express—the 50-mile journey to which Sir Reginald referred; those are matters which could be dealt with by specific powers subject to a reasonable maximum, or in practice the Tribunal may care to fix——

(*President*): You mean putting additional words into the schedule, Mr. MacLaren?

(*Mr. MacLaren*): Exactly, Sir.

(*President*): It would be rather difficult drafting, would it not?

(*Mr. MacLaren*): It might, Sir, but I should not have thought it would have created such a large measure of difficulty as not to be practicable.

(*President*): I am a little afraid—perhaps a little selfishly—of that schedule already; after all, it leaves it open to anyone who is charged on these exceptional services to come to us, and I do not face with equanimity for the rest of my time on this Tribunal the task of deciding that a particular traveller between Points A and B at 7 a.m. on a particular day should pay such and such a charge, and fixing what is a reasonable charge for that isolated particular service. I can see that it would be difficult.

(*Mr. MacLaren*): Yes, Sir; I appreciate the difficulty. But there is another way of dealing with it, and that is in such cases to impose a maximum in these special circumstances. That would be another way of dealing with it, leaving it to the discretion of the Tribunal below that maximum. That is another way of dealing with the problem, but in my submission these are local reasons for increasing the fare above the general level by an appreciable amount.

Of course, the same applies to expensive engineering works; that has in fact been dealt with in the past, I think, by attributing additional mileage to those works.

So that so far as the short-distance traveller and the one-stage traveller and, of course, the traveller in the luxury train are concerned, and also special cost items such as engineering works, these might all be covered in a manner such as I have suggested, and indeed I see no reason why a similar provision should not be practicable in relation to branch lines which are uneconomic. In such a circumstance it would very probably be a matter which the Tribunal might think worthy of consideration as to the proper treatment in that case.

But, Sir, none of these reasons that I have enumerated so far goes anything like as far as to support a 50 per cent. area of discretion over the whole area of ordinary fares and a similar discretion with regard to season tickets. When I pressed Sir Reginald on that, he came to these two points: First with regard to the charge for a single journey—differentiating between the charge for the single and the return journey—and peak travel, and if I may, I would like to deal with peak travel first, because it seems to me to be very important.

As I understood it, Sir Reginald Wilson was proposing that the growth of peaks in the Provinces such as are likely to lead to the need to provide additional facilities for peak travel only should be discouraged by charging more than 2d. a mile—something over 2d. and under 3d. To begin with, and to treat this on a practical basis at first, I was surprised at that, because he also mentioned the well known growing conurbations of Glasgow, South Lancashire and Birmingham. It happens that travel in those areas at all times of the day for the kind of person that makes the peak—that is to say, the day return traveller—is already at rates well below 2d. a mile; of course, they vary with mileage—the rate is tapered—but they are the cheap-day provincial returns of which we have heard, and indeed which Mr. Fay described at one stage as being not appreciably greater than early morning fares. Indeed, Sir, some of them are less than early morning fares at the lower mileages, but they range between 1½d. and 1d. a mile, some of them being even less than 1d. a mile, though I fancy not many.

These are the charges which are now operating at peak hours in those conurbations, which are well below the 2d., as it now is, and no doubt they are those fixed by the exigencies of competition—bus fares and matters of that kind. If that is right, it is a rather startling propositon that it is intended to raise those fares above 2d. a mile—indeed that they are likely to be raised as far as 2d. until the bus fares with which they compete are also raised above 2d. As we know, Sir, those fares are so fixed to keep the traffic on the rail at all, as against bus competition; so there is the purely practical fact that the Commission are not now using the powers that they have to charge these travellers—no doubt it is for a very good reason—and it makes me wonder why they should want additional powers to charge these travellers in these areas now, and to put it simply, I can see no practical reason for it.

(*President*): This argument has another edge, has it not Mr. MacLaren? If it be true that at the moment they are using their maximum powers with discretion so as not to charge up to the maximum, why should anyone be afraid if their maximum powers were increased?

(*Mr. MacLaren*) I do not know why they want these maxima raised in this form, and I think it is perfectly fair to say that nearly half the passenger journeys on British Railways are substantially less than the existing maximum (for good commercial reasons, I have no doubt) and those I represent also have no doubt that those good commercial reasons will continue to weigh with the Commission.

But there are areas where these reasons do not apply and it will only be there where this power will in fact be operated, and it is just exactly there that the protection is required.

It is indeed a rather strange thought which crossed my mind that the public have to thank the Traffic Commissioners not merely for the level of bus fares which are held down—there is no doubt about that—but also for the level of the train fares, which are also held down by bus competition. It is a strange thought, but that is what in fact is happening over large areas of traffic in this country.

But that is by the way, Sir, because my immediate point was that the maximum powers are not being used for peak travel, and this was advanced as a reason for increasing the maximum. That was my immediate point and I should have thought that it was a powerful one, for if they were already pressing against the maximum and had powerful reason for advancing it further, one could understand it.

Quite apart from that, the merit of the proposal must surely be subject to question. There was no evidence given beyond general statements as to the effect of the urban peaks in these provincial areas, except to say that they are nothing like as severe as London, so there is not really much to go on there. But, broadly speaking, I should have thought that it is not the business of a great public undertaking such as the railways definitely to try and discourage from itself travel of this kind which is the travel to and from work and which has a great deal to do with the ordinary social fabric of the community.

(*President*): Some day someone will remember the facilities section in the Act of 1889, I suppose, and come for an order that there should be——

(*Mr. MacLaren*): It may come to that, but at this stage the position is not one of complaint; it is the proposal that is made that is put in question; and it is that people who travel at peak times should be charged over the prevailing maximum charge, because that is the proposal. As I understand what the Commission is saying at the present moment, they do not intend to raise their standard above 2d. a mile, or if that should happen, they would come back for a further order to maintain the headroom.

It is suggested that peak travellers might be charged more than the prevailing standard charge simply because they are travelling at that time. I should have thought that that was quite contrary to the public interest, and without strong figures and facts to support such a move, I should have thought that the Tribunal would have been discouraged by this proposal from giving a free headroom. It really is rather a surprising proposal, I submit, that the railways should seek to turn away this travel in the provinces when it is admittedly peculiarly the railways' task to move large masses of people in a short space of time. It is the thing they are best fitted to do——

(*President*): But surely not nowadays, if it were proved that moving large masses of people in a short time was not paying its full cost?

(*Mr. MacLaren*): But the strange thing about this is that there is not any evidence.

(*President*): I agree about that point, but presumably the proposal, or suggestion, that the fares chargeable in these peak periods might be raised is based on the belief that at the moment they are not, if costed separately, bearing their full cost?

(*Mr. MacLaren*): That is very likely.

(*President*): Because it can only be moved by providing an amount of apparatus which is only partially employed.

(*Mr. Maclaren*): Yes, the rest of the time. I fully appreciate that that is the general process of reasoning but I can only meet that by saying that at the moment we have no facts on which to support a proposition which is a departure from practice, and is in some ways surprising.

(*President*): It is presumably certainly true of the enormous summer excursion traffic; if there were no summer exodus and return one could do with a very much smaller coaching stock. Some of the carriages are presumably only used, if you were to take an average, for ten days in the year.

(*Mr. MacLaren*): I think that must probably be right, Sir. I was going to advert to the holiday traffic because when I put that to Sir Reginald—and I put it very tentatively—he immediately covered himself by saying there was no intention to increase charges for holiday traffic, which, as we know, are also offered in the mid-week period, Tuesday, Wednesday and Thursday, at reduced rates. There is no complaint about that, of course, but one was driven by Sir Reginald's evidence to think that he had in mind the ordinary urban daily peak and not the holiday peak. No doubt, although it is true that a great deal of apparatus must be maintained for that holiday peak, one also suspects that it is the main source of revenue to the passenger services of the Commission as a whole. The graph certainly shows startling rises in traffic at that time.

But just to deal with this one point, this is an illustration of the difficulty of dealing with this Application without the supporting facts and figures, especially when it comes to a novel proposition of this kind.

So far as the differentiation between the single ticket and a return ticket is concerned, I do not know; maybe there is validity in that, though again it is just put forward as a travel theory. It is certainly a theory followed by the bus companies—there is no doubt about that—but it is an odd thing that the railways have had headroom now ever since the 2d. rate was fixed, until September, 1957. Originally they had the difference between the 1½d. and the 2d., though it is true that was narrowed gradually. There it is, Sir; the Commission did not see fit to use that, so far as I know, at all, for differentiating between a single and a return. It may be that it is wished to do so, but exactly what the effect of that is expected to be, we do not know. I should have thought, Sir, that even if this were conceded—and on the state of the evidence, it is not possible to concede anything of these matters—this would not justify a headroom of 1d., or anything like 1d. over 2d.—a 50 per cent. additional charge on the person who takes a single ticket for any reason is a very severe addition indeed over the general prevailing standard of fare. You will recall, Sir, that when an addition of that kind was in fact operated when this question of the proper charge for British Railways outside London first came before you, there was a single ticket then operating at a cost of 2·44d. per mile, if I remember correctly, and the prevailing ticket before the Inquiry was 1·66d. for a monthly return; it was something of that order. You will also remember that the number of tickets bought and the facts revealed then showed that the single ticket was a kind of anomaly; it was not a reasonable facility at all. At least that is the case which was put before the Tribunal and which I think was accepted by the Tribunal, because they cut down the maximum from 2·44d. to 2d.

(*Mr. Poole*): It was 1·75d.

(*Mr. MacLaren*): That was the new return fare after that Inquiry?

(*Mr. Poole*): No; it was the new maximum single fare, to be increased to 2d. after six months, or something of that order. I am speaking from memory now, but with regard to the 1·66d. you mentioned, the Transport Commission expressed their intention of increasing that by 10 per cent., which they were perfectly entitled to do without getting any Order from us.

(*Mr. MacLaren*): I am grateful to you for having jogged my memory, and I think that is quite right. First it was fixed at 1·75d. and it was to be raised to 2d. after an interval of six months—I had forgotten that, Sir.

The effect of the Tribunal's decision then was in fact to get rid on that occasion of this single ticket and make a common fare for the single and the return ticket. That was the last decision of this Tribunal, when this matter was very fully ventilated and the facts were all very fully before the Tribunal on that occasion.

So whatever merits of charging more for a single ticket than for a return ticket may or may not be, it has not been urged at this Inquiry with any supporting facts, but only as a general theory which commended itself to Sir Reginald Wilson.

I think that brings me to the end of the detailed suggestions, Sir, but it does reinforce, as I am sure the Tribunal feels, the main proposition that I am making of the lack of evidence to support any of these proposals at all.

When I say "evidence" that is not fair; there is Sir Reginald Wilson's very full exposition of this theory of what should be done. That is perfectly good evidence, but it was not supported by any factual matter which could be subjected to investigation and on which an opinion could be formed; in other words these details reinforce my submission that there is not, unhappily, the evidence before the Tribunal on which the Tribunal can form a decision as to whether these things should be done or not, or to what extent they should be done.

That I think deals with all the particular proposals that were made by Sir Reginald Wilson in evidence suggesting how this headroom might be used; I have not spoken about season tickets as such because that has been very fully ventilated in front of you, and I do not propose to spend any more time on that one issue. I would like to adopt what Mr. Grant said to you in presenting the case for his clients and of course what Sir Milner Holland said on behalf of the London County Council when putting before the Tribunal the real reasons for season tickets on the railways.

With regard to the surcharge on special services which is contained in this schedule, those who instruct me again feel that there should be evidence to prove need in all matters, but they have no general objection to this surcharge subject just to this, that it is important that a surcharge should be made in the case of exceptional circumstances—services of exceptional value, speed, comfort, or in some other measure—and not be extended to the general level of goods services. If I may make my point clearly, Sir, one hopes—indeed the whole Scheme must fall down if it is not so—that as modernisation proceeds the general level of the service will rise also both in speed and comfort, and those I represent are anxious, and I am sure it is the intention of the Commission, that the surcharge should be limited to those services that continue to be above the general level of any service and that we should not reach a position that only the trains that give good service between two points carry the surcharge, but that it should be in fact restricted to services of exceptional worth.

(*President*): Where is the provision about this? With regard to road services it is at 12; where is the provision with regard to the rail services?

(*Mr. Fay*): It is the 9th Schedule, Paragraph 3, Sir.

(*President*): I know, but where is the enacting paragraph? Is it merely an implied power—implied from Paragraph 30?

(*Mr. Fay*): No, Sir; I think it is in Paragraph 26.

(*President*): Yes, "Reasonable charges". The only thing that is new in the 9th Schedule is Paragraph 3, is it not?

(*Mr. Fay*): Yes, I think that is true, but it is a long time since I have looked at it.

(*President*): Yes; Paragraph 3 is the only thing that is new.

(*Mr. MacLaren*): And it is Paragraph 3 that I was concerned with.

The actual wording of the provision leaves the situation wide open, but it has been open and I have no doubt that it is the intention of the Commission to limit these surcharges to trains which offer exceptional service, and which maintain exceptional services, against the background of a general raising of standards of service.

That I assume could in the last resort be controlled by the Tribunal, if there were any objection to an unreasonable charge for a particular train; but there is nothing actually in this Scheme as it now stands to limit the use of this provision to the circumstances which Mr. Fay outlined in his opening.

(*President*): No, but there is the provision in Paragraph 27 that any question—or questions as we now put it for some odd reason—as to the reasonableness of a charge said to be based on the 9th Schedule, Paragraph 3, can be brought before us.

(*Mr. MacLaren*): Yes, Sir, and that is probably perfectly sufficient protection.

I think that concludes what I have to say about particular matters, Sir, and in conclusion there are two things I should like to say: It seems to me that any appraisal of what is necessary—and I do submit to the Tribunal that the object of having a maximum limitation is to limit charges to those which are necessary to enable the Commission to fulfil its proper functions—cannot be ascertained without there being put before the Tribunal facts which show the effect of the several measures which are being taken now and which will be taken in the coming twelve months, upon the revenues and costs of the Commission's railway services, and particularly, so far as it is possible, on their passenger services.

It seems to me that the whole matter has gone forward on a misconception as to what the 1953 Act sought to do. I have already said, so I need not elaborate it, that on one view which seems to me to be a good view, the 1953 Act did not disturb at all what was the prevailing practice in passenger charges; it left it quite simply as it had been——

(*President*): Do you mean prevailing between 1947 and 1953, or before 1947?

(*Mr. MacLaren*): I think it was prevailing before; it was certainly in the duration of the 1947 Act, and I think it was since 1931—that the passenger charges were subject to maxima only and were not controlled in the several other ways in which freight charges were habitually controlled; and that the repeals—admittedly it is not a repealing section, but Section 20 in effect reduces the powers of the Tribunal, or intended, to use the proper language, to release the Commission from detailed control of its freight charges, which was the practice as well as the theory.

It does seem to me that Parliament did intend that the maximum should be real, that restraint should be exercised, and any unnecessary increases in charges should be prevented.

I put this to Sir Reginald Wilson, Sir, and it seems to me that his answer reveals what appears to me to be an error of approach to the whole matter. This appears on page 95 of the Fifth Day at Question 988; I had been pressing him for some little time on this question of what increases were necessary and what were not, and at Question 988 I asked him: "Do you think that may be one of the reasons why Parliament seeks this procedure to secure a maximum, to provide exactly that unnecessary increases should be avoided?—(*A*) No, I do not think that is why they did it at all. The intention was to give complete freedom to British Railways, but thereafter to provide some safeguard against a possible abuse of power in certain circumstances".

I cannot read into the 1953 Act any such proposal as to give complete freedom to British Railways, and it does seem that that is the basis on which this Application is put forward with regard to outside London. It does seem to me to be attended with inconvenience; it means this, that if the Application is confirmed as asked——

(*President*): Of course, Sir Reginald does make his point clearer in the answer to Question 990, does he not? You read the answer to Question 988.

(*Mr. MacLaren*): Yes, Sir; I beg your pardon.

(*President*): It shows that Sir Reginald Wilson was not putting forward the impossible view that the Act of 1953 was intended to give the Commission complete freedom.

(*Mr. MacLaren*): Subject to the maximum.

(*President*): Yes, within the maximum, and he does not say with reference to what it should be fixed.

(*Mr. MacLaren*): I do not think he would ever put an impossible proposition, otherwise we should not have spent such a long time discussing it. It has come out of the evidence step by step; he took the view—and it is a view he might well take—that the Commission should be left free to meet competition in its own way to raise charges as may be necessary, subject only to some sort of maximum that prevents extortion or something of that kind.

(*President*): Yes; all I say is that if one reads his answer to Question 988 as you have just done——

(*Mr. MacLaren*): Yes, Sir; I appreciate that that would not be fair.

(*President*): There he seems to be saying that the intention was to give complete freedom, subject to some control after that. It is impossible to read the Act in that sense, and he did not mean that; he said something different in the answer to Question 990—"complete freedom within a maximum", or within a number of maxima.

(*Mr. MacLaren*): Yes, Sir; I referred to it not so much to say that he was stating an impossible proposition, but I felt myself that that answer did show the emphasis which is being placed on the 1953 Act by the Commission. Indeed he did, as I recall, in another answer tell me that we were not under the 1947 Act now; we were under the 1953 Act and that makes all the difference.

(*President*): The chief effect of the changes made in 1953 was to cut down the powers of the Tribunal.

(*Mr. MacLaren*): Yes, Sir.

(*President*): Under the 1947 Act, quite irrespective of what was proposed by the Commission, we could have framed almost any conceivable kind of scheme. Happily, from our point of view, the 1953 Act considerably curtailed our powers, quite apart from limiting the number of schemes. If the 1947 Act had stood in force, if I recollect aright, we could have been asked to fix prices of hotel rooms at some stage and prices for early morning tea—I do not know; but anyway we should have had wider responsibilities.

(*Mr. MacLaren*): That I fully appreciate, Sir. I do not wish to labour the matter unduly, simply to say this——

(*President*): I think you are quite right in saying Sir Reginald Wilson did proceed on the footing that the intention of the 1953 Act was to give the Commission, certainly in the case of the railways, a much wider, in fact a very wide, measure of freedom to act according to their own judgment.

(*Mr. MacLaren*): Yes. That brings me to my conclusion, that the inconveniences that flow from this view, from the public's point of view, are that a general increase in fares in any particular area, or, of course, across the country as a whole, if this Scheme is confirmed, could be made at any time without proving the need for it, up to the maximum. It does seem to me that this shows the importance of the practice in these matters of requiring sufficient evidence at this stage before authority is passed to others to exercise powers of raising fares, which they would very properly exercise, I am sure, on commercial considerations trying to get in every penny they reasonably could and putting the charge on where they thought they could get it most easily. There is nothing wrong in that commercial approach at all, in itself it is thoroughly sound; but it does seem to me that Parliament has intended throughout that this commercial attitude which the Minister and everyone is encouraging in the Commission at present should be subject to the bridle of this Court, which does not take a commercial view only but has regard to the public interest at large.

(*President*): Subject to the qualification that we are expressly forbidden from doing anything which would prevent the Commission as a whole from paying its way.

(*Mr. MacLaren*): Fulfilling its duty, which is not the same thing.

(*President*): I quite agree that under the 1957 Act it may be that duty is suspended.

(*Mr. MacLaren*): I think that duty is curtailed. It does not mean to say that reasonable commercial prudence and good sense would not lead them to take steps to reduce any deficit that may be facing them, that is plain sense in itself; but it does seem that the duty imposed by the 1947 Act has been curtained, indubitably curtailed, by the 1957 Act, from which I would infer that the duty on the Tribunal is not to do anything that would prevent the Commission as a whole fulfilling its duty under the 1947 Act as amended by the 1957 Act.

(*President*): Why I was really intervening was because you said this Tribunal was not limited to purely commercial considerations and that is, no doubt, true; but if it were not for the provisions of the 1957 Act it would follow that this Tribunal is bound, first, not to do anything which would prevent the Commission from fulfilling its commercial duty.

(*Mr. MacLaren*): Yes, plainly.

(*President*): But after it had been restrained from doing that, in other words after it had enabled the Commission to do its commercial duty, then the other considerations must be taken into account.

(*Mr. MacLaren*): Yes; indeed, throughout the two are balanced, are they not? The other considerations come into play in considering the way in which the Commission work. I do not think I can carry the matter any further, Sir.

(*President*): I am greatly obliged to you. Mr. Mark Smith, would you like to address us tonight?

(*Mr. Mark Smith*): If it is convenient, Sir.

(*President*): It is convenient to us if it will be convenient to Mr. Dudley Collard.

(*Mr. Mark Smith*): Yes, Sir. I will not keep the Tribunal more than a very few minutes.

Appearing for Mr. Collard I represent the South Essex Traffic Advisory Committee. May I first reiterate to the Tribunal the apology which I presented on his behalf this morning. He has, of course, been ill. However, it is an ill-wind which blows no good at all and he has had the advantage, during his convalesence, of reading the transcript of the cases presented by the other Objectors——

(*President*): It is a surprise to me to hear that would assist anyone in his convalescence, but every man to his taste.

(*Mr. Mark Smith*): He tells me—and I offer no comment on it—that he found it accelerated his convalescence.

However, one thing that has emerged as a result is that he would like to say that in his view the whole of the case which he would have wished to present to the Tribunal has already been fully and, indeed, ably presented by other Objectors.

The South Essex Traffic Advisory Committee, who, as the Tribunal knows, are a point committee of six local Authorities formed under the Local Government Act, 1933, section 91, namely, Barking, Brentwood, Dagenham, Hornchurch, Romford and Grays in Thurrock, with a combined population of over half a million, like to be represented at these Inquiries because they feel that their experience in collaborating with the Transport Authorities on traffic problems often enables them to make submissions of some value on general matters and, indeed, they often also desire to call attention to some hardship or grievance of a local character which may arise as a result of the proposals the Tribunal are considering. Today, now the last of the sub-standard fares which hitherto prevailed in other parts of the Metropolis have been eliminated, they have no local grievance to air; indeed, they are highly appreciative of the large-scale engineering works at present being undertaken at Barking Station and the forthcoming electrification of the Tilbury and Southend Line, and while they have the melancholy distinction of being an area in which the first pasenger sit-down strike occurred, they are satisfied that this was due solely to a lack of liaison at station level and not the fault of any higher authority.

The one point they desire to raise is the importance they attach to the retention of early morning fares. They would like to adopt all the submissions which have been made on this point. In their view the early morning fares do make, and indeed can make, a substantial contribution to the spreading of the morning peak because it must not be assumed that the many thousands of people who start work at 8 a.m.—which, after all, in the winter months particularly, involves a certain amount of discomfort if not hardship—for whom, after all, the early morning tickets were originally designed, would necessarily continue to go to work at 8 a.m. if early morning fares were abolished. The war, so I am told, introduced a change in the evening peak from 6 to 5, and the abolition of early morning fares might lead to a similar shift in the morning peak; for example, Trade Unions might in future negotiate agreements under which their members started work, say, at 9 o'clock and not 8 o'clock.

Another point on early morning fares in the viewpoint of the South Essex Traffic Advisory Committee is that it might even be possible to use them as a weapon to spread the evening peak by providing, as it were, a bargain rate available only for a return journey, say, before 5 o'clock or after half-past 6, or whatever be the appropriate time.

With regard to the other matters raised in the Notice of Objection by those instructing me, they are satisfied that they have been adequately ventilated here during the preceding eighteen days.

(*President*): One of them is a very large affirmation, namely that this document called a Draft Charges Scheme is not a Draft Charges Scheme at all. That is a point of law.

(*Mr. Mark Smith*): I am not proposing to pursue that, Sir. I apprehend if I said anything about it I would find myself in the gravest difficulty.

(*President*): No you would not. You would find yourself in a position where I would make a careful note of it so as to preserve your full rights in the Court of Appeal.

(*Mr. Mark Smith*): I think I heard that phrase mentioned in a different connection this morning. I propose, nevertheless, not to say anything about the matter.

(*President*): I do not think there is much in it, if you want an interim view.

(*Mr. Mark Smith*): I will accept that even as more than a hint. It amounts to this, that really there is nothing more I wish to say. I think anything further I said would merely be wasting the Tribunal's time and would merely be repeating what has already been said, and, the duty of wasting your time not devolving upon me, I now sit down.

(*President*): Is Miss Forster here?

(*Miss Forster*): In view of various difficulties I feel that this is a prodigious task, but I will take it as simply as I can. Perforce I am obliged to refrain from statistics because much of the material I have not been able to secure and I have been unable to attend every day. I think, however, I have absorbed enough personally to realise what the task of the Commission is. I cannot afford to take the Minutes of Evidence daily for they are very expensive on a private person representing a comparatively small organisation.

I represent the Walthamstow Trades Council, which consists of 10,000 men, their wives and families.

(*President*): May I interrupt a moment? When you were last heard was when we sat in the Royal Geographical Society, was it not?

(*Miss Forster*): Yes. I have lively recollections of the last time I appeared. It was before the London Transport Executive. If I may say so, I do not know whether it is different when it is the British Transport Commission, but it has been much more difficult from my point of view, also from the fact that in the meantime I myself am at fault because I have not been able to put in an appearance on 100 per cent. of the occasions, as I did at that time from the sheer fascination of watching a quest for truth. I take it this is the same quest.

I have been, of course, very much impressed by the way in which the case has been handled by all concerned and by the way in which the President intervenes and rescues us at awkward moments, and I hope I shall not provide him with too many awkward moments.

After that preamble, I go on to say: I love to have the railway industry Nationalised; I like it that way. Further, I would say I have a long family connection with railways, but I cannot be personal and go into that.

Next I will say that owing to the late stage in the Inquiry I am glad to say that many of the points I would wish to make have been covered, even by our learned friends who represent areas with which I am closely connected. I reside in Walthamstow, I have a close contact with the Dagenham area, and I am pleased to hear the points that have been put and how they have been put.

Next I want to say I completely sympathise with the Commission in recognition of their extraordinarily difficult task. They are under orders to make it pay. I cannot, as I say, do very much about the statistics, but I want to stress the psychological aspect of making it pay as well as the practical one. Such factors do come into it, and that is where I may be able to make a useful contribution.

The Commission is in the red. Hard facts. We were told this for three and a half days before Christmas. And two and two do not make five yet, even in these days; but this horror may come upon us in the remote futgre, the not too remote future, unless we tackle many things with great courage. We must greet the future with a cheer, all of us, even the problems of the Transport Commission. We must realise that everyone is in on this and that we millions of workers—and I represent 10,000 of them—whose fares largely contribute to amass the funds of the railways must define our objections before it is too late. You see, after all we are providing the funds, and there comes a point where we cannot accept further hardship however small. I have heard it said here that the Commission pay no regard to hardship, but I do not think that is completely true. It is true in a limited sense, but at the point where hardship means that we have to seek other means of transport, it very much becomes the Commission's business and, reluctantly, many have to take to their bicycles, their motor bicycles, or motorpeds and what they can get as a means of transport.

The Commission have made an allowance for this loss of passenger traffic and the receipts there-from ranging from 2½ per cent. to 7½ per cent. The Commission think of almost everything, but I would submit that the loss of traffic may be even greater than that—that is the opinion of our men. This places the Commission in the unfortunate position of having to cope with even greater difficulties than would be apparent on the surface. I do not want to involve the business by referring too much to comparisons, but there were once fifty people who drew water in leaky buckets, and this is like the Commission, having all the time to cope, before they are able to declare any dividends at all, with interest charges which are difficult. There I know I must go cautiously, so I will just mention that and stop.

The Commission's problem is how to get out of the red. The Objectors give reasons why the proposed method of passing on the whole responsibility to the travelling public by various methods of deploying permissive powers once achieved is unlikely to succeed. We would find it a hardship to add 2s., 3s., or 4s. a week to a travel cost which is already too high and which, if I may say so, in the case of the cost of living index is represented by too small a proportion of income. A 50 per cent. increase all at once, even if first applied in certain directions, is very high. We have heard it said that some increase might be obtained if we went near the ceiling of 2d. per mile everywhere. I have heard here, and I know, that season tickets for long distances are very cheap, the rate is cheap. This could also cause hardship, but, however, less hardship than the other. A number of people have gone to live in remote parts where the rates are cheap and where they felt the season tickets are cheap, and that is one case, I suppose, where we could get some more money, as has been suggested here.

All our men can do sums very quickly, and it would be quite logical for them to work out the next wage demand on a proportional percentage. We have not really quite reached the limit of what can be sought there. I dislike putting that, but I know it will be in the men's minds. If a man travels daily and has his small weekly increase, you can add to that the increased cost of travel for the annual holiday for the husband and wife and one or more children. They are not all, nowadays, able to afford to take their holiday and it might happen that more still would be unable to travel at that time. It looks to me as if it is possible that more concessions might be a better way to get the revenue. That has come into business several times, and it looks rather a possibility.

Next I come to the business of inflationary trend. The Commission has suffered from that and the people are suffering from that, but we suffer from it doubly if we get it from the Commission too, and it looks as if it is coming our way like that. It is really an extraordinarily difficult position, and I am not supposed to say very much about the other place, but I feel that something will have to be done at the other place other than what has been done which might be considered as a hidden subsidy.

I fear that this loan may be leading us on too fast. I think that the changes proposed are exciting and we have evidence—as, for example, on the Shenfield Line, on which I often travel to Chelmsford—of the added revenue from electrification, but we are everywhere suffering at present from too much going on at once, on the roads, on the railways, and everywhere, and perhaps we are trying to go ahead too fast, faster than we can. As I have heard it carefully worked out on one basis here, it might help us not to go quite so fast with these Schemes. Rapid modernisation is good, but you might be over-rapid in what you are doing. Your high capital charges carry correspondingly high interest rates.

We are bound still to pay for our purchase, but it seems very hard on us that we have to pay for the past and for the future. In many departments of State it is exhilarating to feel one is paying for the future, but in this particular example it is not a good thing. Much of the modernisation, we have been told, will not really do very much for the Nationalised industry for another

twenty years but we have to pay in the meantime, and it is a very heavy burden and is likely to tend to inflation.

I like myself to do some ingenious make-do and mend. I know it is foolish, in a way, for me to say very much about this and to spend more than a minute or two on it because I know that British Railways did a tremendous amount of making-do and mending after the war in improving old stock while they were slowly getting on with what they could in the way of new stock, but are you quite certain that now is the time for getting on so rapidly with the modernisation?

I am sorry about the £9½m. we are going to lose with the trolley-buses because opinion is still rather divided about them. I am sorry that, in my opinion and in the men's opinion, you are bringing in too many diesels at once. The trouble about that is as soon as everybody has decided oil is cheaper, oil may get dearer.

(*President*): Miss Forster, we are not going to lose £9½m. on the trolleybuses. No one has said so, anyway.

(*Miss Forster*): I am sorry. I have not my paper before me, but I thought I got that from one of my lists.

(*Mr. Fay*): That is the capital cost of the conversion.

(*President*): That is the capital cost of the new buses.

(*Miss Forster*): That is what I meant; the capital cost of replacing them is £9½m., and I would regard it as an untimely investment, shall I say. This, I agree, is a matter of opinion. I am sorry I put it in that way.

(*President*): I understand now.

(*Miss Forster*): I am also personally disappointed about the new electric line from Victoria to Walthamstow, but perhaps that is something we should not say too much about except to say that it is now decided we would lose £3m. a year, but my own feeling about that is to balance that you would not have so much peak-hour traffic on the buses between Walthamstow and Leyton, and other matters like that would be a help. So that it might work out by taking traffic off at the peak hour which is costly and expensive, as we have been told many times.

What really counts is actual transport rather than many of the other things that the Commission feels, in competition with business, they must go in for such as brighter hotels with wonderful decor (and I saw an article in the "Telegraph" with pictures of that sort of thing) and waiting room redecoration. I have seen some very splendidly simplified decorations in waiting rooms, but there is too much of that going on all at once. They are useful as later amenities when we are not quite so hard-pushed for money. It is difficult for us to be aware of all that is going on in the minds of higher level people, but these do cost a great deal of money to achieve and to maintain. Whilst it is as well to avoid the rigours of travel that some of us experienced long enough ago, I do not myself think that these matters will go far to get us out of the red. The actual essential is transport itself. In the old days of competition between railways I used to hear that the rolling stock of such and such a railway is good, the springs are good, the travel is more comfortable and that sort of thing, and I know that has been worked at.

I was very much disappointed to hear the suggestion—and I am sure the men will be sorry about this—that fast luxury trains, or trains which are luxury trains because they are fast, should be more expensive to the passengers than other trains. I cannot think of anything more likely to exasperate travellers, even gentle characters who are pleased with most of what they get and who are satisfied customers. Anyone who has travelled on the Continent must have noticed it; certainly anyone with a limited purse must have been rather sad at sitting watching the Rapide go out and not be able to use it. It is a psychologically very bad thing indeed.

As we went along I picked up a few stray points where I might be able to offer a suggestion that someone more experienced and learned in how to help might be able to develop.

I have been wondering about the land belonging to the Commission, or rather the land taken over for London Transport, and the changing values of land. I am sure the businessmen of the Commission are astute enough to know the changing values, but I am not quite clear as to whether we have been optimistic enough about the income from that. I would like a little bit more about that, if it was possible.

I wish we could have more conferment, as a Nationalised industry, with other Nationalised industries. I do not think they could give us concessions, but they might help us by letting us know when things were going to be made a little more difficult.

The men showed some apprehension about the effects of this appeal on the finances of the London Transport Executive. There is some bitterness left behind from the long negotiations on the strike and withdrawal of labour, and I think they are a little afraid that we may be told here that it is the men's wages that is forcing the pace of the price. I am thankful to say that on the days when I have attended there has been little said about that.

(*President*): I do not think there has been anything, so far as I recollect.

(*Miss Forster*): On the days I have been here there was nothing.

(*President*): In fact, nothing has been said either on those days or any other days.

(*Miss Forster*): It has been mentioned as an item. I am very glad I can speak that way when I go to talk to them.

I wish we could have fare concessions to spread the peak and to encourage happy extra travel for the few people who have time. I wish we could get back to road transport; this is something the men want too. I am sorry that the Commission's house-keeping has to include such matters as attending to car-parking in various places, which may or may not be the maximum use of land for land values.

I feel very strong that, of course, any train with coaches empty must cause a loss. I myself, not from any difference of outlook but from sheer business, prefer either that we did without First Class coaches or that we charged more for the amenities, because in general the railways provide us with good express trains nowadays with enough space in off-peak hours and we are able to get on with our reading or our writing, which are the reasons that would make First Class travel desirable. If we have to run them, we run so many empty that I feel it would be equitable to pay more there.

I have been asked what is the proportion of administrative to practical staff. That was a difficult question to answer, but I am sure the Commission can supply it for me. I was given something that is not quite right, I think, because it did not sufficiently separate them. I think the idea behind that is that it is possible that too much is going on people watching people. I know in this particular industry some of that is necessary, but it is felt that there is a great deal spent there.

In conclusion, I will say that the customer—and I go back to what Sir Reginald Wilson said—is a very thinking person, and it is possible, as one of the Objectors said, that we have already passed the psychological fare. I hate to be gloomy about a nationalised industry—which, again, I reiterate I support—but I shall not myself be able to continue doing a great deal of voluntary work that I do where I pay my own railway fares, because I shall be unable to pay the 50 per cent. increases.

We were asked one question on which I think I could help. Somebody suggested that the school leaving age now being 15 it might be a good idea for the Commission to let them go at half fare from 14 to 15, and there was some discussion as to whether it should go as a concession or how. The answer is that I think it is so strongly and intensely felt that that is the logical thing, that it might be better if it came as fact rather than as concession. Though, again, that is just a quibble.

(*President*): Miss Forster, for educational purposes you get the reduced fare now up to much later than 14, do you not?

(*Miss Forster*): Yes, I realise that, I realise what a great deal is done there and I helped to do it; but, of course, it is a little different and they are still not earning from 14 to 15 and it is very strongly desired. The great thing is to give it if one can. What one calls it is another matter.

There is much one might say, but I will not take up the Commission's time any further. I thank you for your attention.

(*President*): Let me just correct something I said. I said there had been no talk about the strike and its affect on charges. Of course, there has been a discussion as to the drop in the revenue from the buses from 1958 because of the strike, but that was inevitable to explain the bad financial picture presented by 1958 as a whole.

(*Miss Forster*): Yes, I quite understand that. Really I was speaking in commendation of the fact that I had heard so little. It was only that particular bit.

(*President*): There was nothing of a recriminatory nature.

(*Miss Forster*): No. I am pleased to say I can go back quite sure about that. I may not have put the men's case strongly enough in the way of opposition, but I have kept to my main thesis, which is hardship and that there is an inflationary trend. The other things are possibly matters of opinion, but the climate of opinion is as important to the Commission as it is to me in my most responsible job as Secretary of the Walthamstow Trades Council.

(*President*): Thank you very much. There is a remaining outside Objector, but I am told he or she is ill. He or she will be notified that we meet again on Friday week, and if a representative turns up we will allow him or her to speak. Very well; we will adjourn until Friday, 13th March.

(*Adjourned until Friday*, 13*th March*, *at* 10.30 *a.m.*)

CORRIGENDA

PROCEEDINGS, SEVENTEENTH DAY—MONDAY, 23RD FEBRUARY, 1959

Page 370, column 2, line 7—for " 35 " read " 15 "; add after " per cent." the words " respectively (Day 6, p. 126, col. 1) "
Page 371, column 1, 3 lines from bottom—for " is in fact in " read " in fact it can be "
Page 372, column 2, line 9—for " revised " read " revived "
Page 372, column 2, line 48—for " presumably that can be quantified; that was confirmed in " read " presuming that can be quantified; but that would conflict with "
Page 372, column 2, 2 lines from bottom—for " proposed " read " supposed "
Page 373, column 1, 15 lines from bottom—for " notionally " read " notional and "
Page 373, column 2, paragraph 5. 4 lines from bottom—for " interest will be opposed by the " read " increase will be passed on to a "
Page 374, column 1, paragraph 4, line 5—for " or " read " and "
Page 374, column 1, paragraph 5, line 15—for " but " read " at which "
Page 376, column 1, line 7—omit " or by self-financing "
Page 380, column 1, line 28—for " days " read " frauds "
Page 380, column 1, line 29—for " could not " read " had to "
Page 380, column 1, line 31—for " The second is the " read " There is a second "
Page 380, column 1, line 32—for " private " read " water "
Page 380, column 1, line 40—for " private " read " water "
Page 382, column 1, paragraph 5, 5 lines from bottom—for " Maude " read " Maud "
Page 382, column 2, final paragraph, line 7—for " 15 " read " 16 "
Page 384, column 1, 16 lines from bottom—for " 15 " read " 50 "

PROCEEDINGS, EIGHTEENTH DAY—FRIDAY, 27TH FEBRUARY, 1959

Page 391, column 2, third paragraph from the bottom—for " put up " substitute " put by "
Page 394, column 1, paragraph 4—for " we will be " substitute " you will be "
Page 395, column 1, line 3—for " in evidence " substitute " no evidence "
Page 395, column 2, paragraph 3—for " been the assumption " substitute " been upon the assumption "
Page 396, column 1, line 13—for " of Mr. Fay's " substitute " upon Mr. Fay's "
Page 396, column 2, paragraph 7—for " £100m." substitute " £128m." and add before " please " the words " if you adopt that alternative "
in the next line before " value " add the word " true "

EXHIBIT PJ 16

LONDON TRANSPORT EXECUTIVE

ASSESSMENT OF MINIMUM CONTRIBUTION TO CENTRAL CHARGES, ASSUMING LONDON TRANSPORT TO BE TREATED AS A SEPARATE UNDERTAKING

EXCLUDING SURPLUS LANDS

Year	Interest on capital obligations (See Note 1)	Interest on Capital Expenditure: Gross expenditure less realisations (See Note 2)	Financed from depreciation provisions and other internal sources	Net expenditure	Cumulative total bearing interest at rates indicated (See Note 3): 3 per cent.	4 per cent.	5 per cent.	Interest	Revenue Account: Net Revenue	Miscellaneous receipts	Total for year	Central Charges: Interest on capital obligations and capital expenditure (Col. I plus Col. 8)	Share (10 per cent.) of central expenses of Commission	Interest on accumulated surplus (−) or deficit (+) (See Note 4)	Total Central Charges	Surplus (+) or deficit (−) for year (Col. 11 minus Col. 15)	Accumulated surplus (+) or deficit (−) at year end
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
1948 ...	3·33	12·20 } 6·87 }	1·48	17·59	17·59	—	—	·45	7·44	·08	7·52	3·78	·39	− ·05	4·12	+ 3·40	+ 3·40
1949 ...	3·33	10·00	1·92	8·08	25·67	—	—	·65	5·16	·07	5·23	3·98	·37	− ·12	4·23	+ 1·00	+ 4·40
1950 ...	3·33	11·57	3·05	8·52	34·19	—	—	·90	3·09	·07	3·16	4·23	·43	− ·11	4·55	− 1·39	+ 3·01
1951 ...	3·33	7·95	3·95	4·00	38·19	—	—	1·09	− ·07	·06	− 0·01	4·42	·46	− ·02	4·86	− 4·87	− 1·86
1952 ...	3·33	9·40	3·74	5·66	38·19	5·66	—	1·26	2·24	·06	2·30	4·59	·52	+ ·11	5·22	− 2·92	− 4·78
1953 ...	3·33	5·85	4·36	1·49	38·19	7·15	—	1·40	1·99	·07	2·06	4·73	·54	+ ·24	5·51	− 3·45	− 8·23
1954 ...	3·33	3·80	4·56	− 0·76	38·19	6·39	—	1·42	3·77	·06	3·83	4·75	·58	+ ·35	5·68	− 1·85	−10·08
1955 ...	3·53	1·56	4·19	− 2·63	38·19	3·76	—	1·35	4·97	·08	5·05	4·88	·62	+ ·40	5·90	− 0·85	−10·93
1956 ...	3·81	1·19	3·98	− 2·79	38·19	0·97	—	1·24	4·55	·07	4·62	5·05	·66	+ ·45	6·16	− 1·54	−12·47
1957 ...	3·81	1·99	4·03	− 2·04	38·19	− 1·07	—	1·14	5·71	—	5·71	4·95	·69	+ ·49	6·13	− 0·42	−12·89
	34·46	72·38	35·26	37·12	38·19	− 1·07	—	10·90	38·85	·62	39·47	45·36	5·26	+ 1·74	52·36	−12·89	−12·89
1958 (estimated)	3·81	1·10	3·59	− 2·49	38·19	− 1·07	− 2·49	1·04	1·80	—	1·80	4·85	·70	+ ·61	6·16	− 4·36	−17·25

NOTES:

1. Interest on Capital Obligations is calculated as follows:—

		£m.
1948–54	Interest on £128·08m. British Transport Commission stock issued on acquisition of London Transport Undertaking and on loan of £29·16m. from London Electric Transport Finance Corporation, less interest on £3·14m. invested in surplus lands	4·49
	Less—Interest at 3 per cent. on net balance of Trust Fund moneys taken over by British Transport Commission on acquisition of London Passenger Transport Board (after allowing for repayment of loans from Trust Fund and London Midland and Scottish Railway), it being assumed that to this extent the British Transport Commission were able to avoid issue of capital stocks	1·16
		3·33
1955–58	As above, adjusted to take account of issue of British Transport Commission 4 per cent. Guaranteed Stock in 1955 to finance repayment of Finance Corporation loan—	
	1955	3·53
	1956–8	3·81

2. Capital expenditure is taken to be gross expenditure on depreciated assets and the betterment on non-depreciated assets and credit has been given for realisations credited to Capital Account. The expenditure of £12·2m. in 1948 represents transfer of assets (excluding surplus lands) from British Railways and Joint Lines at 1st January in that year.
3. Interest on capital expenditure calculated from mid-date of year in which incurred, except on the item of £12·2m. in 1948 which is assumed to bear interest from start of that year. Interest on net expenditure incurred in years 1948–1951 taken at 3 per cent. on net expenditure incurred in 1952–1957 at 4 per cent. and in 1958 at 5 per cent.
4. Interest on revenue surpluses and deficits calculated, from mid-date of year in which they arise, at the same rates as interest on capital expenditure.
5. Variations in net current assets ignored.
6. Figures for 1958 are estimates but are not expected to be materially different from final figures for the year.

Office of the Chief Financial Officer.
5th March, 1959.

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RAILWAY ELECTRIFICATION COMMITTEE, 1927.

MAP No. 1 — LONDON AND ITS ENVIRONS.

SHEWING SCOPE OF OPERATION OF ELECTRIC LOCOMOTIVES CONSTRUCTED TO DIMENSIONS OF STANDARD LOADING GAUGES No. 1 AND 2 RESPECTIVELY.

[RAILWAY CLEARING HOUSE MAP, 1927 EDITION]

STATUTE MILES

0 ¼ ½ ¾ 1 2 3 4

Drawn and engraved by J. & W. Mackie, London.

The distances indicated on this Map are approximate; their accuracy is not guaranteed.

EXPLANATION

LINES WITH CLEARANCE INSUFFICIENT FOR No. 1 GAUGE (HEIGHT 12.8')	RED
" " " SUFFICIENT " " " "	BLUE
" " " SUFFICIENT " GAUGES No. 1 & No. 2 (HEIGHT 13.2')	GREEN

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Railway Electrification Committee, 1927.

Map No. 2 — England and Wales.

SHEWING SCOPE OF OPERATION OF ELECTRIC LOCOMOTIVES CONSTRUCTED TO DIMENSIONS OF STANDARD LOADING GAUGES Nos 1 AND 2 RESPECTIVELY.

[RAILWAY CLEARING HOUSE MAP, 1926 EDITION.]

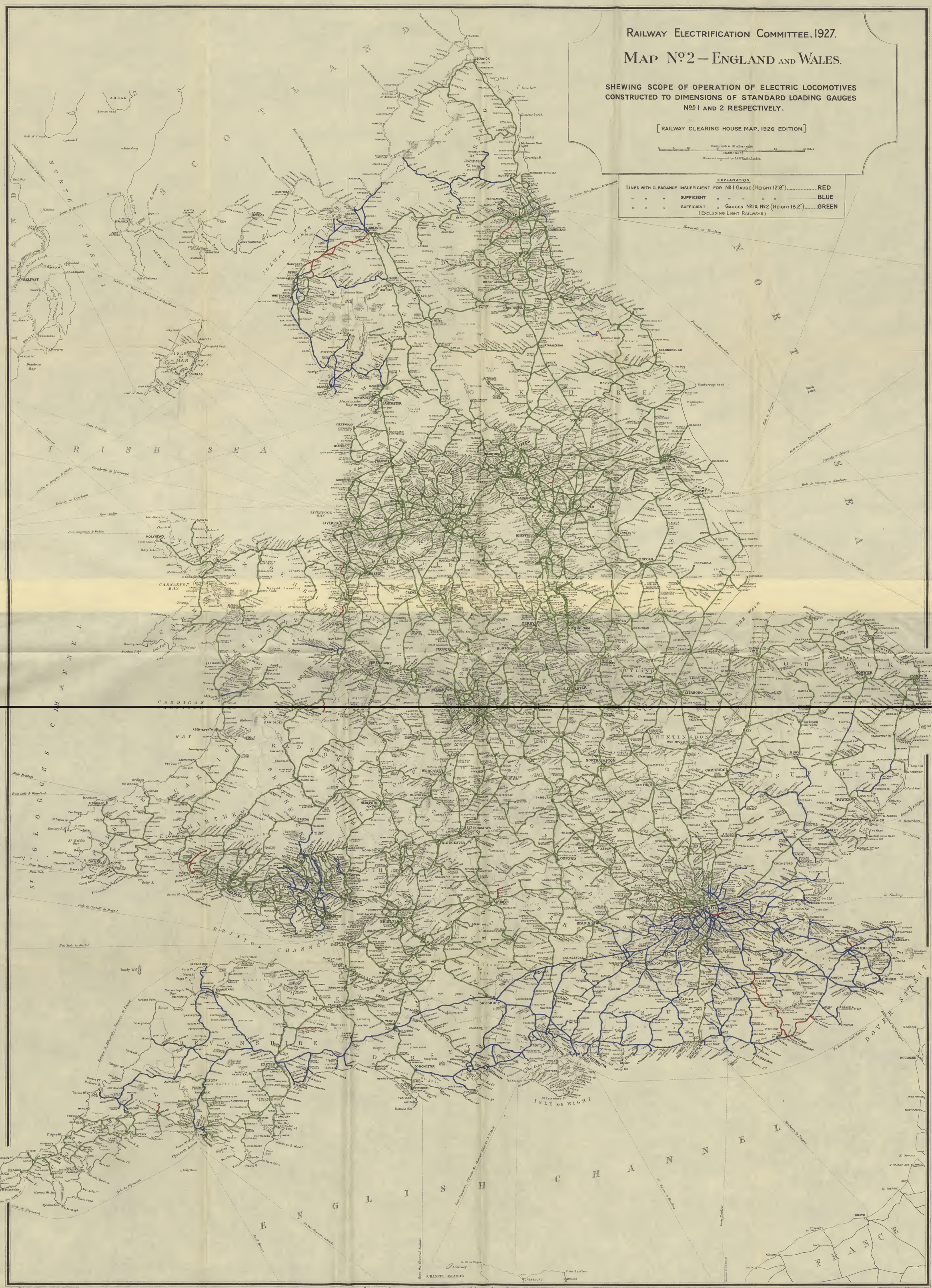
Scale, 1 inch to 11½ miles — 1/720
0 5 10 20 30 40 50 Miles
STATUTE MILES

Drawn and engraved by J. & W. Emslie, London.

EXPLANATION

Lines with clearance insufficient for No. 1 Gauge (Height 12'.8".)	RED
" " " sufficient " " " " "	BLUE
" " " sufficient " Gauges No. 1 & No. 2 (Height 13'.2".)	GREEN

(Excluding Light Railways.)



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